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Transcript Exhibit(s)

Docket #(s): T-03761A-01-0911

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Exhibit #: A1-7, S1

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BEFORE THE ARIZONA CORPORATION COMMISSION

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William A. Mundell

Chairman

Jim Irvin

Commissioner

Marc Spitzer

Commissioner

Please Date Stamp & Return

Emergency Application of )  
Teligent Services, Inc. )  
to Discontinue Local Exchange Service )  
and For a Waiver of R14-2-1107(B) )

Docket No. T-03761A-01-0911

EXCEPTIONS TO STAFF REPORT

Teligent Services, Inc. (Teligent") hereby respectfully files these exceptions to the Staff Report submitted in the above referenced proceeding.<sup>1</sup> Specifically, Teligent respectfully requests that the Staff reconsider its decision to cancel Teligent's CC&N to provide local exchange service for the reasons discussed below.<sup>2</sup> As the Commission is aware, Teligent has been operating in Chapter 11 since May 21, 2001.<sup>3</sup> While it reorganizes its financial structure in order to emerge in some form as a going concern, Teligent continues to provide services to customers within the State of Arizona and continues to comply with all Arizona Corporation Commission ("Commission") rules and regulations regarding its provision of service.

<sup>1</sup> See Staff Report for the Emergency Application of Teligent Services, inc. to Discontinue Local Exchange Service and for a Waiver of R14-2-1107(B), Docket No. T-03761A-01-0911, dated January 10, 2002 ("Staff Report").

<sup>2</sup> *Id.* at 2.

<sup>3</sup> See Letter to Secretary, Arizona Corporation Commission, from Terri B. Natoli, Vice President of Regulatory Affairs and Public Policy, dated May 21, 2001 (faxed to Steve Olea, Assistant Director).

EXHIBIT

A-1  
Submitted

**BEFORE THE ARIZONA CORPORATION COMMISSION**

William A. Mundell  
Chairman  
Jim Irvin  
Commissioner  
Marc Spitzer  
Commissioner

Emergency Application of	)	
Teligent Services, Inc.	)	
to Discontinue Local Exchange Service	)	Docket No. T-03761A-01-0911
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<sup>2</sup> *Id.* at 2.

<sup>3</sup> See Letter to Secretary, Arizona Corporation Commission, from Terri B. Natoli, Vice President of Regulatory Affairs and Public Policy, dated May 21, 2001 (faxed to Steve Olea, Assistant Director).

Teligent hopes and expects to offer local exchange service in the State of Arizona in the future once it emerges from its current Chapter 11 status, which it expects to occur later this year. It is precisely for this reason that Teligent specifically requested in the above-captioned Emergency Application to Discontinue Basic Local Service ("Application") that it desired to retain its local exchange operating authority. Teligent herein provides additional information concerning its plans to continue operations within the state that it believes will provide additional information that enables the Commission to gain a better understanding of the nature of Teligent's service discontinuance, which, in turn, will lead to reconsideration of this proposed action to cancel Teligent's local CC&N.

On November 15, 2001, Teligent filed its Application to discontinue local exchange service to business customers in the Phoenix market area.<sup>4</sup> Despite its need to file an Application to discontinue local service operations, Teligent stated that it was *not* seeking to cancel its operating authority as it hoped to be in a position to again offer local exchange service to Arizona customers in the future.<sup>5</sup> Specifically, Teligent stated that "[i]n spite of its need to discontinue these services at this time, Teligent *is not* seeking to cancel or modify its CPCN. Indeed, Teligent intends to continue to provide and offer its other facilities-based fixed wireless services, including private line, transport, and wholesale services, in addition to resold services in Arizona."<sup>6</sup> Teligent continues to provide these services while it restructures and reorganizes under Chapter 11 in a manner which will enable it to emerge, with new funding, as a going concern. Indeed, the purpose of Title 11

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<sup>4</sup> See Application of Teligent Services, Inc. for Emergency Authority to Discontinue Local Exchange Service, Docket No. T-03761A-01-0911, filed November 15, 2001. ("Application")

<sup>5</sup> *Id.* at 9.

<sup>6</sup> *Id.*



of the US Bankruptcy Code is to enable an entity, such as Teligent, that has experienced financial difficulties, to invoke the protections of Chapter 11 while in reorganization. Teligent had previously filed an Application for approval of a Chapter 11 "Re-emergence Plan" in September 2001, describing in detail its plans with respect to "emerging." While this initial "Re-Emergence Plan" has changed somewhat due to circumstances beyond Teligent's control, Teligent has made it clear to the staff and the Commission that it is still vigorously moving forward to finalize its plans to emerge.<sup>7</sup>

As evidence of this fact, on November 15, 2001, at the same time it filed its Application, Teligent filed updated information regarding its "Re-Emergence Plan," which it had first described in its filing dated September 7, 2001, in Docket No. T-03761A-01-0711.<sup>8</sup> That update stated that Teligent is seeking to preserve as much of its remaining business operations as possible until its reorganization process is completed. It further stated that, "Teligent continues to diligently work with potential investors to enable a Re-emergence Plan, through TAC, to occur." Teligent explained in the update, as it did in its Application, that the local service discontinuance was not a volitional action on the part of the Company to exit a particular line of business for its own convenience. Rather, Teligent clearly explained, as it has in numerous conversations with the staff since mid-November 2001, that this local service affecting situation was precipitated solely by Teligent's only source of funding, its secured creditors, indicating that no further funds would be made

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<sup>7</sup> See Docket No. T-03761A-01-0711 "Re-Emergence Plan" filed September 7, 2001.

<sup>8</sup> See Letter to Arizona Corporation Commission, from Terri B. Natoli, Vice President, Regulatory Affairs & Public Policy, Teligent Services, Inc., Re: Teligent Services, Inc. and TAC License Corp. - Chapter 11 "Re-Emergence Plan," Docket No. T-03761A-01-0711, dated November 14, 2001 ("TAC Notice").

available for these operations during Teligent's reorganization period.<sup>9</sup> Because Teligent had no other source of funding at that time, this action was necessary to avoid its creditors pushing Teligent into an immediate Chapter 7 liquidation, which would allow the creditors to avoid expending any additional money which they would not be able to recover.

Teligent has tirelessly worked to avoid a Chapter 7 liquidation as that would have resulted in the immediate shutdown by the Court of all of its service operations in Arizona, including local, long distance and private line, with no notice to its customers. Teligent endeavored in its update to provide the Commission all the information it needed to understand the uniqueness of Teligent's situation and to highlight its desire to preserve its operating authority in order to permit it to immediately reintroduce local exchange service offerings should it be in a position to do so once it emerges from bankruptcy.

Moreover, Teligent explained that it is not seeking to abandon the provision of local service on a permanent basis.<sup>10</sup> Teligent explained that it must cease providing these services for an interim period due solely to its creditors' refusal to continue funding these services while Teligent is reorganizing in Chapter 11. Teligent expressed its need to retain its CC&N to be in a position to resume these services once it emerges from bankruptcy just as numerous other certificated local carriers in Arizona that hold local service authority but have not yet begun to or have decided not to offer a service they are authorized to offer.

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<sup>9</sup> Since entering Chapter 11 in May, Teligent's creditors have been providing funds to keep Teligent operational, making funds available in only two to four week increments pursuant to a Cash Collateral Agreement, the terms of which were approved by the Bankruptcy Court. These funds are made available through Teligent's submission to its creditors of detailed 2-4 week budgets itemizing each dollar it plans to spend and the activity for which it will be used. These budgets are prepared pursuant to the terms of the Cash Collateral agreement which Teligent has with its creditors which has been the sole vehicle from which Teligent has had any funds to continue its operations since May 21, 2001.

<sup>10</sup> Title 14, R14-2-1107 contemplates that competitive local exchange carriers can "discontinue service" without "abandoning" service in its authorized area.

Although it is unclear whether the Commission's action canceling Teligent's local operating authority includes Teligent's authority to offer local private line, transport and wholesale offerings, (Teligent service which fortunately were not affected by the creditors' decision) Teligent believes that Commission action permitting it to retain its local operating authority would eliminate the need to disaggregate its operating authority or make any determinations as to the scope of its operating authority.

As explained above, Teligent remains hopeful that, at the conclusion of its Chapter 11 reorganization process, it will be in a position to commence the rebuilding of these local services networks in a more efficient and cost-effective manner so that customers in these markets can once again receive these high quality, lower cost competitive telecommunications services. Unlike companies that are in Chapter 7 and liquidating their assets, Teligent hopes to emerge from Chapter 11 as a going concern and continues to pursue funding options toward this end. Indeed, as described below, Teligent recently learned that a group of banks and financial institutions have committed to fully fund a going forward "New Teligent" until it is cash flow positive. The details of this commitment are being concluded at this time and a plan is expected to be presented to the Bankruptcy Court in the next few months. As soon as this plan is finalized, Teligent will supplement its "Re-Emergence Plan," Docket No. T-03761A-01-0711.

Teligent notes that it was completely surprised to receive a copy of the Staff's recommendation to cancel its CC&N to provide local exchange service particularly since Teligent had been in fairly constant contact with Staff during its customer transition process and never was it even suggested that such action would be proposed. In addition, Teligent is not aware of any Commission rule or statutory provision that would have enabled its

operating authority to have been rescinded based upon its Chapter 11 status or the "inconvenience" alleged by the staff that the discontinuance caused some customers. Teligent certainly understands the Commission's concerns regarding the financial status of carriers that hold operating authority within the state, and whether that status affects a carrier's ability to fulfill its obligations as a CC&N holder. However, Teligent cannot find a single rule that it has violated or failed to comply with as a result of its Chapter 11 status or as a result of its service discontinuance. In fact, in the absence of any express rules or directives from the Commission with respect to how a service discontinuance in the event of bankruptcy should be handled, Teligent went to great lengths, which it believes were quite successful, to ensure that its customers were not inconvenienced. Teligent acknowledges that the Commission's primary interest must be the public and protecting the public to the maximum extent possible. Teligent similarly has been concerned about the welfare of those Arizona local exchange customers (and its other local customers across the country) that were impacted by its creditor's decision to no longer fund Teligent's local service operations. For that reason, Teligent endeavored to keep its customers continually informed of its Chapter 11 status and progress, since May 2001, when it entered Chapter 11, and to ensure them that, if their service was impacted, they would be guaranteed at least 30 days' notice to transition to another provider and that Teligent would assist them in this effort.

As a result, any Teligent local customers that remained with Teligent throughout the past several months did so with the full knowledge that they would have only 30 days' notice should their service be impacted. Once Teligent notified its customers that their service would be affected, it went to great lengths to assist them in their seamless transition

to an alternative carrier. Among other things, Teligent provided customers its toll-free customer service number and urged them to contact customer service if they required any assistance with transitioning to an alternative carrier by the date service could be impacted. Customer service forwarded all customer inquiries to a special escalation individual in Teligent's legal department, Ms. Ruth Holder, who immediately initiated a coordinated effort between Teligent's operations personnel, the new alternative carrier, the ILEC (if the alternative carrier is UNE-based or a reseller), and the customer to solve any issues within the requisite time frame. Teligent worked tirelessly with the ILECS and other CLECs to identify single points of contact within each carrier to manage the customer's transition to those carriers. For example, Teligent contacted Qwest's senior wholesale management team to discuss the transition effort and arranged a porting process and a project manager to mutually coordinate customers' transitions to Qwest upon their choice.

In addition, Teligent provided customer referral lists of all its affected customers when requested by other carriers. Even if the gaining carrier was unable to provide the identical services provisioned to the customer by the discontinuance date, Teligent was very successful in designing creative solutions to ensure that some form of service was maintained on an interim basis. For instance, Teligent helped alternative carriers fashion call forwarding solutions that enabled the customers to receive calls on their Teligent assigned numbers prior to having lines provisioned for their services. Teligent also offered to make available its underlying fixed-wireless facilities at existing customer locations to other carriers where possible to enable that carrier to reach the customer through Teligent's antennas. Teligent established a special porting process that enabled it to port a customer's number to another carrier on a "hot-cut" coordinated basis upon one hour's notice. Teligent

assures the Commission that it did *everything* possible to ensure that no affected Arizona customer was left without dial tone on the date Teligent service was no longer available.

With the exception of a few customer transition matters that were brought to the Commission's attention for which the complainant faulted Teligent *even though* the issue arose not because of Teligent but solely because the customer's new chosen CLEC and the CLECs underlying facilities-based carrier had provisioning issues between one other, Teligent is aware of no complaint from Arizona customers associated with its local service discontinuance that have been raised with the Commission or with Teligent directly.<sup>11</sup>

Unlike other carriers that have faced Chapter 11 or even Chapter 7, Teligent has not, nor would it ever leave its customers unassisted without dial tone as long as it had any means to prevent this. Teligent believes it acted reasonably and responsibly under the extenuating circumstances. Teligent complied (and continues) to comply with any and all requirements applicable to it as an authorized operating entity in the State of Arizona. Since it obtained its initial authority in October 1998, Teligent has always felt it has had a good relationship with Staff and the Commission. Teligent has never been cited for failing to abide by its requirements and has received few, if any, complaints from customers regarding its service over the past three or more years. Teligent continues today to serve customers in the state with long distance and other fixed wireless services and intends to grow its customer base as it works through its Chapter 11 reorganization process and thereafter in its "emerged" form.

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<sup>11</sup> As a result, Teligent was somewhat puzzled when Staff recently indicated to it that Teligent "caused a big mess" in Arizona for the Commissioners, its staff, and Arizona customers.

If the Commission is concerned about Teligent's financial ability to offer local service in the future once it emerges from Chapter 11, a legitimate concern under the circumstances, Teligent assures the Commission as it did in its initial "Re-Emergence Plan" filing that the Bankruptcy Court *will not approve* a plan to go forward out of Chapter 11 unless sufficient funding is available. Certainly, the fact that Teligent currently has no immediate financial resources of its own and is dependent on its creditors to enable it to continue operating pending its reorganization and "emergence" from Chapter 11, calls into question Teligent's immediate financial qualifications.<sup>12</sup> However, Teligent's unfortunate current financial situation is precisely what Chapter 11 of the Bankruptcy Code was enacted to address in a manner that does not penalize Teligent for this situation.

The purpose of Chapter 11 (as distinguished from a Chapter 7 liquidation) is to enable entities whose financial situations have declined to such an extent that they are unable to continue meeting their financial obligations, to be able to reorganize under the Bankruptcy Court's supervision with the protections Chapter 11 affords. The most significant protections of Chapter 11 are the automatic stay that is imposed on third parties which prevents those parties, including governmental agencies, from taking any action against the debtor-in-possession which could have the affect of devaluing the asset base or otherwise adversely affecting the ability of the debtor, in this case Teligent, to reorganize, emerge and continue its on-going and planned operations upon emerging because of its Chapter 11 status and the protection against discriminatory treatment by a governmental

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<sup>12</sup> Unfortunately, if this were the standard applied to all competitive CC&N holders in Arizona, the overwhelming majority would likely be deemed to be financially unqualified at this particular time due to the numerous current or threatened Chapter 11 filings.

unit with respect to a governmental grant of authority, license, permit, etc... because of the Chapter 11 status.

While the interplay between the protections of Chapter 11 and the ability of a governmental agency to revoke an operating authority of an entity in Chapter 11 solely because its financial situation has resulted in a service-affecting situation (which does not otherwise result in any egregious, intentional or negligent disregard or violation of any Arizona law or rule) is not the specific issue being addressed herein, Teligent believes that this would become an important and determining issue should the Commission proceed to cancel Teligent's CC&N solely because of its Chapter 11 financial status and before Teligent has had an opportunity to obtain Bankruptcy Court approval for a reorganization plan as a going-concern. Moreover, the fact that Teligent's CC&N clearly is an asset of substantial value to the debtor's estate, both directly as well as with respect to other of the debtor's assets (in this case the FCC spectrum licenses for Arizona markets which Teligent uses to provide its revenue-producing services pursuant to its CC&N, including the local exchange service it has provided and expects to provide at some future time upon emerging from Chapter 11) will also bear on whether revocation of Teligent's CC&N in a Chapter 11 context is prevented by the bankruptcy statute.

In the Staff Report, Staff stated that it "believes that Teligent is no longer a fit and proper entity to hold a CC&N to provide local exchange service."<sup>13</sup> Staff's justification is based on two stated factors: (1) that "Teligent's financial health is poor enough to foreclose any opportunity to acquire external financing and has forced the company into bankruptcy" and (2) that "the discontinuation of local exchange service has caused some customers the

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<sup>13</sup> Staff Report at 2.



stress and inconvenience of finding another provider in a relatively short time frame.” The “financial health” basis expressly contravenes the letter and spirit of Chapter 11 of the bankruptcy code. Furthermore, as Teligent has indicated to staff a number of times, it is vigorously pursuing external financing sources and indeed has recently secured commitments that will enable it to move its assets out of bankruptcy. Moreover, the only way Teligent will be in a position to provide local service in Arizona in the future is: (1) if it actually receives the funding to emerge from Chapter 11 (which means it will again have financial resources of its own and will no longer be operating at its secured creditors will) and; (2) most significantly, if the bankruptcy court approves the reorganization plan as a going concern.

Thus, while Teligent understands the Commission’s concern that it might be able to reintroduce local service in the future without the requisite financial resources to do so, this concern should be alleviated through the fact that the Court will not permit a Teligent reorganization plan to move forward as a going concern through issuing an approval Order unless Teligent demonstrates it has sufficient funding to do so. Teligent will continue to fully inform the Commission, in writing, of the progress of its emergence plan as Commission approval of that plan is still pending in Docket No.T-03761A-01-0711. Based on the above, Teligent believes that the Staff’s determination of “no longer fit and proper” based on Teligent’s current financial health should be reconsidered. As for Staff’s second stated reason for deeming Teligent “no longer fit and proper,” *i.e.*, “some customers stress and inconvenience,” Teligent similarly believes that the detailed information it has provided above about its customer notification process, its transition efforts and Staff’s own findings that:

“Teligent, Qwest and Staff have cooperated in finding the customers local service before Teligent discontinued their service. To Staff’s knowledge, no former Teligent local service customers were without service between providers. Staff believes that Teligent has fully complied with the Commission’s Decision No. 64250”

warrant reconsideration of the “no longer fit and proper” determination based on “customer inconvenience.”

Finally, although not specifically stated or otherwise indicated in the Staff Report, nor in any statute or rule that Teligent has been able to find after an in depth review, it is Teligent’s understanding based on discussions with Staff after its Staff Report was issued, that the Commission has adopted an informal policy regarding the cancellation of a CC&N where the subject services are not provided or if a carrier that once provided them subsequently discontinues providing them. Staff explained that, recently, the Commission has adopted a policy of canceling a CC&N if the party holding the CC&N does not provide the subject services within one year of obtaining the CC&N and some CC&Ns which have recently been granted are even conditioned upon providing service within one year. Teligent obtained its CC&N to provide local exchange service in 1998. At the time its CC&N was granted, it was not conditioned upon the provision of local exchange service within a specified period of time nor was Teligent provided any notice since that time that discontinuing a service either voluntarily or involuntarily as in Teligent’s current case could result in the rescission of Teligent’s local exchange CC&N. It is unclear whether retroactive application of the informal policy is appropriate under these circumstances particularly where here, the CC&N holder in fact did provide the authorized services and

where the discontinuance results from circumstances beyond Teligent's control. Moreover, if after consideration of all of the above, the Commission feels compelled to retroactively apply this informal policy, Teligent should, at a minimum, be given at least one year after emergence from Chapter 11 to reintroduce local exchange service in the State of Arizona. Indeed, Teligent believes that failure by the Commission to permit it at least one year within which to reintroduce local exchange service would be not only unfairly punitive, but discriminatory as other carriers were given a one year window of time within which to initiate the provision of service, and were purportedly given notice of this condition to their CC&N.

In conclusion, Teligent respectfully continues to seek to preserve its local operating authority and local exchange tariff as it expects to emerge from bankruptcy in the near future and hopes to reintroduce local exchange services that are the same as those covered by its current local exchange operating authority and local exchange tariff. Unlike other carriers that are discontinuing service without any prospect of returning to the marketplace, Teligent is in the process of completing a transaction that would allow it to do just that. For this reason, Teligent urges the Staff to reconsider its recommendation to cancel Teligent's CC&N to provide local exchange service. Should staff fail to reconsider this matter and proceed with this recommendation, which in turn results in a recommended decision to

cancel Teligent's certificate, Teligent requests that a hearing be conducted at which it is afforded an opportunity to present its case to the Commissioners.

Respectfully submitted,

**TELIGENT SERVICES, INC.**

By: 

Terri B. Natoli  
Victoria A. Schlesinger  
It's Attorneys

**Teligent Services, Inc.**  
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Date: February 7, 2002

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK

In re

Teligent, Inc., et al.,<sup>1</sup>

Debtors.

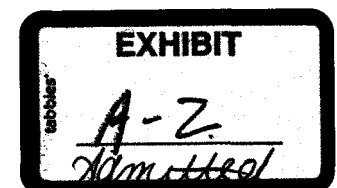
Chapter 11

Case No. 01-12974 (SMB)  
Jointly Administered

**ORDER CONFIRMING DEBTORS' THIRD AMENDED JOINT PLAN OF  
REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

The above-captioned debtors and debtors in possession (collectively, the "Debtors") having filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") on May 21, 2001 (the "Petition Date") commencing the above-captioned jointly-administered bankruptcy cases (the "Chapter 11 Cases"); and the Debtors having filed with the Court the Second Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, dated July 10, 2002 (the "Second Amended Plan") and the Second Amended Disclosure Statement for Second Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, dated July 10, 2002 (the "Disclosure Statement"); and the Debtors having made certain non-material modifications to the Second Amended Plan, which modifications are hereby approved pursuant to section 1127 of the Bankruptcy Code and Rule 3019 of the Federal Rules of Bankruptcy Procedures, as set forth in the Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code (the "Plan") dated

<sup>1</sup> The Debtors are the following entities: Teligent, Inc.; Teligent Services, Inc.; Xandu Shell Corp. (f/k/a American Long Lines, Inc.); Association Communications, Inc.; Auctel, Inc.; BackLink, L.L.C.; Winston Shell Corp. (f/k/a Easton Telecom Services, Inc.); Quincy Shell Corp. (f/k/a Executive Conference, Inc.); FirstMark Communications, Inc.; Sawyer Shell Corp. (f/k/a InfiNet Telecommunications, Inc.); JTel, L.L.C.; KatLink, L.L.C.; OMC Communications, Inc.; Quadrangle Investments, Inc.; Atlantis II Shell Corp. (f/k/a Telecommunications Concepts, Inc.); Teligent Communications, L.L.C.; Teligent License Co. I, L.L.C.; Teligent License Co. II, L.L.C.; Teligent of Virginia, Inc.; Teligent Professional Services, Inc.; and Teligent Telecommunications, L.L.C.



September 5, 2002 (a copy of the Plan is attached hereto as Exhibit A and incorporated herein by reference); and the Court having entered an Order Approving (i) Disclosure Statement, (ii) Form of Notices and Consent Agreements, (iii) Form of Ballot and (iv) Solicitation Materials and Solicitation Procedures, dated July 10, 2002 (the "Disclosure Statement Approval Order"), fixing August 14, 2002, at 2:00 p.m. prevailing eastern time, as the date and time of the hearing pursuant to Rules 3017 and 3018 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and sections 1126 and 1128 of the Bankruptcy Code to consider Confirmation<sup>2</sup> of the Plan (the "Confirmation Hearing"); and the Court having adjourned the Confirmation Hearing to September 5, 2002 at the request of the Debtors; and the Affidavit of Tauheed Williams of Bankruptcy Management Corporation Certifying the (a) Procedures for Distribution of the Solicitation Materials and (b) Tabulation of the Ballots Received for the Debtors' Second Amended Joint Plan of Reorganization (the "Voting Affidavit") having been filed with this Court on September 3, 2002, with respect to the distribution of the solicitation materials consistent with the Disclosure Statement Approval Order and the results of the voting by Holders of Claims in Class 4 under the Plan; and the Affidavit of Stuart Kupinsky in Support of the Debtors' Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code having been filed on September 5, 2002; and the Affidavit of William Tyson in Support of the Debtors' Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code having been filed on September 5, 2002; and the Debtors' Memorandum in Support of Confirmation of Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code having been

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<sup>2</sup> Unless otherwise specified, capitalized terms and phrases used herein shall have the meanings assigned to them in the Plan. In accordance with Article II.A of this Order, if there is any direct conflict between the terms of the Plan and the terms of this Order, the terms of this Order shall control.

filed with this Court on September 3, 2002 (the "Confirmation Memorandum"); and this Court having reviewed the Plan, Disclosure Statement, the Confirmation Memorandum and supporting materials thereto; and this Court having heard the statements of counsel in support of and in opposition to Confirmation at the Confirmation Hearing; and this Court having considered all testimony presented and evidence admitted by affidavits or otherwise at the Confirmation Hearing; and this Court having taken judicial notice of the papers and pleadings on file in the above-captioned Chapter 11 Cases; and this Court having heard the statements on the record at the Confirmation Hearing regarding the resolutions of certain of the objections to, and replies in support of, Plan confirmation; and it appearing to this Court that: (a) notice of the Confirmation Hearing and the opportunity of any party in interest to object to Confirmation were adequate and appropriate as to all parties to be affected by the Plan and the transactions contemplated thereby; and (b) the legal and factual bases set forth in the Confirmation Memorandum and presented at the Confirmation Hearing establish just cause for the relief granted herein; and

Now, therefore, this Court hereby makes and issues Findings of Fact, Conclusions of Law and Orders as follows:<sup>3</sup>

**I.**  
**FINDINGS OF FACT AND CONCLUSIONS OF LAW**

**A. Jurisdiction and Venue**

On the Petition Date, the Debtors commenced the above-captioned Chapter 11 Cases by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code. Each of the Debtors was and is qualified to be a debtor under section 109 of the Bankruptcy Code. This

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<sup>3</sup> This Order constitutes this Court's findings of fact and conclusions of law under Federal Rule of Civil Procedure 52, as made applicable by Rules 7052 and 9014 of the Federal Rules of Bankruptcy Procedure. Any and all findings of fact shall constitute findings of fact even if they are stated as conclusions of law, and any and all conclusions of law shall constitute conclusions of law even if they are stated as findings of fact.

Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157(a) and 1334. This is a core proceeding pursuant to 28 U.S.C. §§ 157(b)(2). Venue in the Southern District of New York was proper on the Petition Date and continues to be proper under 28 U.S.C. §§ 1408 and 1409.

1. Technical Amendments

The modifications to the Plan set forth in the technical amendments (the "Technical Amendments"), attached hereto as Exhibit B, constitute technical changes and do not materially adversely affect or change the treatment of any Claims or Equity Interests. Any other amendments to the Plan made at the Confirmation Hearing comply in all respects with the requirements of section 1127 of the Bankruptcy Code. Accordingly, pursuant to Bankruptcy Rule 3019, these modifications do not require additional disclosure under section 1125 of the Bankruptcy Code or re-solicitation of votes under section 1126 of the Bankruptcy Code, and they do not require that holders of Claims be afforded an opportunity to change previously cast acceptances or rejections of the Plan.

B. Compliance with the Requirements of Section 1129 of the Bankruptcy Code

As set forth in this Order, the Plan complies in all respects with the applicable requirements of section 1129 of the Bankruptcy Code.

1. Section 1129(a)(1) – Compliance of the Plan with Applicable Provisions of the Bankruptcy Code

The Plan complies with all applicable provisions of the Bankruptcy Code as required by section 1129(a)(1) of the Bankruptcy Code, including, without limitation, sections 1122 and 1123. Article III of the Plan designates classes of Claims and Equity Interests, other than Administrative Expense Claims and Priority Tax Claims as required by section 1123(a)(1)



of the Bankruptcy Code.<sup>4</sup> As required by section 1122(a) of the Bankruptcy Code, each Class of Claims and Equity Interests contains only Claims or Equity Interests that are substantially similar to the other Claims or Equity Interests within that Class. A reasonable basis exists for the classifications in the Plan.

Pursuant to sections 1123(a)(2) and (3) of the Bankruptcy Code, Article III of the Plan specifies all Claims and Equity Interests that are not impaired under the Plan and specifies the treatment of all Claims and Equity Interests that are impaired under the Plan. Article III of the Plan identifies Class 2 as unimpaired and Classes 1, 3, 4, 5 and 6 as impaired under the Plan. Unless otherwise agreed to by particular Holders, all of the Holders of Claims or Equity Interests within each of the Classes are treated identically under the Plan as required by section 1123(a)(4) of the Bankruptcy Code.

Pursuant to section 1123(a)(5) of the Bankruptcy Code, Article VI and various other provisions of the Plan specifically provide adequate means for the Plan's implementation, including, without limitation: (a) the substantive consolidation of the estates of the Debtors; (b) the continuation of the corporate existence and the vesting of assets in Reorganized Teligent; (c) the cancellation and termination of all notes, instruments, debentures, certificates and other documents evidencing Claims and Equity Interests in any of the Debtors; (d) the issuance of New Teligent Common Stock; (e) the adoption of the New Teligent Charter, New Teligent Bylaws, and Stockholders Agreement; and (f) the authorization of the Debtors or Reorganized Teligent to take or cause to be taken any corporate action necessary or appropriate before or after the Effective Date for the effectuation of the Plan. In accordance with section 1123(a)(6) of the

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<sup>4</sup> Under the Bankruptcy Code, administrative claims and certain priority tax claims need not be classified. See 11 U.S.C. § 1123(a)(1).

Bankruptcy Code, Article VII(1) of the Plan provides for the inclusion in the New Teligent Charter and New Teligent Bylaws of all provisions required to be included in the corporate charter of Reorganized Teligent under section 1123(a)(6) of the Bankruptcy Code. Pursuant to section 1123(a)(7) of the Bankruptcy Code, the terms and conditions of the Plan contain provisions consistent with the interests of the Debtors' creditors and with public policy as to the manner and selection of any officer, director or trustee and any successor thereto.

2. Section 1129(a)(2) – Compliance of the Debtors with Applicable Provisions of the Bankruptcy Code

The Debtors, as proponents of the Plan, have complied with all applicable provisions of the Bankruptcy Code as required by section 1129(a)(2) of the Bankruptcy Code, including, without limitation, sections 1125 and 1126 and Bankruptcy Rules 3017, 3018 and 3019. The solicitation of acceptances of the Plan as well as the solicitation of consents from Holders of General Administrative Claims and Priority Claims to the "different treatment" under the Plan was (a) in compliance with all applicable laws, rules, and regulations governing the adequacy of disclosure in connection with such solicitation, and (b) solicited after disclosure to the Holders of Claims or Equity Interests of adequate information as defined in section 1125(a) of the Bankruptcy Code.

3. Section 1129(a)(3) – Proposal of Plan in Good Faith

The Debtors have proposed the Plan in good faith and not by any means forbidden by law. Consistent with the overriding purpose of chapter 11 of the Bankruptcy Code, the Plan enables Holders of Claims to realize the highest possible recoveries under the circumstances. Moreover, the Plan itself and the process leading to its formulation provide independent evidence of the Debtors' good faith.

4. Section 1129(a)(4) – Bankruptcy Court Approval of Certain Payments as Reasonable

Pursuant to section 1129(a)(4) of the Bankruptcy Code, any payment made or promised by the Debtors or by any person acquiring property under the Plan, for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases to the extent of services provided before the Confirmation Date, has been, or will be before payment, disclosed to this Court. Any such payment made before the Confirmation Hearing is reasonable and was made with appropriate authority of the Court. Any such payment to be fixed after the Confirmation Hearing is subject to the approval of this Court as reasonable, consistent with this Order.

5. Section 1129(a)(5) – Disclosure of Identity and Affiliations of Proposed Management, Compensation of Insiders and Consistency of Management Proposals with the Interests of Creditors and Public Policy

Pursuant to section 1129(a)(5) of the Bankruptcy Code, the Debtors have disclosed the identity and affiliations of the Board of Directors of Reorganized Teligent following confirmation of the Plan and the identity and compensation of insiders who will be employed or retained by Reorganized Teligent. The initial Board of Directors for Reorganized Teligent shall consist of the following individuals: James V. Continenza and Stuart H. Kupinsky. The election or appointment of the proposed Board of Directors is consistent with the interests of the Holders of Claims and Equity Interests and public policy. In addition, the following insiders will be retained by Reorganized Teligent and compensated in accordance with current practice: James V. Continenza as Chief Operating Officer and William Marshall as Chief Financial Officer. The appointment or continuance of the proposed Board of Directors is consistent with the interest of the Holders of Claims and Equity Interests and public policy.

6. Section 1129(a)(6) – Approval of Rate Changes

Section 1129(a)(6) of the Bankruptcy Code is inapplicable in these Chapter 11 Cases because the Plan does not provide for, or contemplate, any rate charges with respect to the current businesses.

7. Section 1129(a)(7) – Best Interest of Creditors and Equity Interest Holders

With respect to each Impaired Class of Claims or Equity Interests of the Debtors, each holder of a Claim or Equity Interest in such Class has accepted the Plan or will receive or retain under the Plan on account of such Claim or Equity Interest property of a value, as of the Effective Date, that is not less than the amount such holder would receive or retain if the Debtors were liquidated on the Effective Date under chapter 7 of the Bankruptcy Code.

8. Section 1129(a)(8) – Acceptance of the Plan by Each Impaired Class

Pursuant to sections 1126 and 1129(a)(8) of the Bankruptcy Code, (i) Class 2 is unimpaired and, pursuant to section 1126(f) of the Bankruptcy Code, is conclusively presumed to have accepted the Plan, and (ii) as indicated in the Voting Affidavit, Holders of Claims in Class 4, the only impaired class entitled to vote on the Plan, have accepted the Plan pursuant to section 1126(c) of the Bankruptcy Code. Because the Plan provides that Holders of Claims in Class 5 and Holders of Equity Interests in Class 6 will not receive any distribution or retain any property under the Plan, Classes 5 and 6 are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. In addition, Classes 1 and 3 are also deemed to have rejected the Plan. Notwithstanding the lack of compliance of Classes 1, 3, 5 and 6 with section 1129(a)(8) of the Bankruptcy Code, the Plan is confirmable because, as more fully set forth in this Order, the Plan satisfies section 1129(b)(1) of the Bankruptcy Code with respect to Classes 1, 3, 5 and 6.

9. Section 1129(a)(9) – Treatment of Claims Entitled to Priority Pursuant to Section 507 of the Bankruptcy Code

The Plan provides for treatment of Administrative Expense Claims and Priority Claims in the manner consistent with section 1129(a)(9) of the Bankruptcy Code. Specifically, with respect to Administrative Expense Claims and Priority Claims that are not Convenience Claims, the Plan provides that on the later to occur of (i) 90 days after the Effective Date and (ii) the date on which such Claim shall become an Allowed Claim, Reorganized Teligent shall either (a) pay to each Holder of an Allowed General Administrative Claim or Priority Claim a Pro Rata distribution based on the amount of available cash in the Claim Fund, after the establishment of an appropriate reserve from the Claim Fund for Disputed Claims and payments of Allowed Convenience Claims, and thereafter make periodic cash payments as set forth in the next sentence, or (b) satisfy and discharge such General Administrative Claim or Priority Claim in accordance with such other terms as may be agreed upon by and between the Holder thereof and Reorganized Teligent (acting with consent of the Agent). The Plan further provides that as often as reasonably practicable thereafter, in the sole discretion of Reorganized Teligent, after the establishment or maintenance of an appropriate reserve from the Claim Fund for Disputed Claims, Reorganized Teligent shall make additional periodic cash distributions to Holders of Allowed General Administrative Claims and Priority Claims on a Pro Rata basis until the earlier of the date that (i) such Claims are paid in full and (ii) the Claim Fund has been exhausted. With respect to Convenience Claims, the Plan provides that Holders of such Claims shall be paid their Allowed Claims in full in cash on or as soon as practicable after the Effective Date.

The Debtors' solicitation of Holders of General Administrative Claims and Priority Claims to the "different treatment" afforded to such Holders pursuant to the Consent Forms, communications campaign and solicitation procedures was fair and reasonable, and

provided each such Holder adequate disclosure, notice and opportunity to make an election to agree or not agree to the "different treatment" set forth under the Plan. Any Holder of a General Administrative Claim or a Priority Claim who has not affirmatively agreed to the Plan shall be bound by, deemed to consent and agree to the treatment afforded to the Claims of such Holders under the Plan.

10. Section 1129(a)(10) – Acceptance by at Least One Impaired Class

As required by section 1129(a)(10) of the Bankruptcy Code and as indicated in the Voting Affidavit, at least one Class of Claims or Equity Interests that is impaired under the Plan has accepted the Plan. Holders of Claims in Class 4, the only non-insider class of impaired creditors that was entitled to vote on the Plan, accepted the Plan.

11. Section 1129(a)(11) – Feasibility of the Plan

Confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtors, Reorganized Teligent or any successor to Reorganized Teligent under the Plan, and the Plan complies with section 1129(a)(11) of the Bankruptcy Code.

12. Section 1129(a)(12) – Payment of Bankruptcy Fees

In accordance with section 1129(a)(12) of the Bankruptcy Code, Article XII.B of the Plan provides for the payment of all fees payable under 28 U.S.C. § 1930 on or before the Effective Date. The Debtors or Reorganized Teligent has adequate means to pay all such fees.

13. Section 1129(a)(13) – Retiree Benefits

The Debtors have never established retiree benefits, as that term is defined in section 1114 of the Bankruptcy Code. Because the Plan provides for the maintenance of retiree benefits at levels established prior to the Confirmation Date (i.e., zero), the Plan satisfies the requirement of section 1129(a)(13) of the Bankruptcy Code.

14. Section 1129(b) – Confirmation of the Plan Over Nonacceptance of Impaired Class

Pursuant to section 1129(b)(1) of the Bankruptcy Code, the Plan is confirmed notwithstanding that Classes 1, 3, 5 and 6 are impaired and Holders of such Claims and Equity Interests are deemed to have rejected the Plan. The Plan “does not discriminate unfairly” and is “fair and equitable” with respect to Class 1. The legal rights of Holders of Other Priority Claims in Class 1 are treated consistently with the treatment of other classes whose legal rights are substantially similar, and such Holders do not receive more than they legally are entitled to receive for their Claims. In addition, the Holders of Claims and Equity Interests that are junior to the Holders of Other Priority Claims in Class 1 (i.e. Holders of General Unsecured Claims in Class 5 and Holders of Old Equity Interests in Class 6) will not receive or retain any property under the Plan.<sup>5</sup>

The Plan “does not discriminate unfairly” and is “fair and equitable” as to Holders of Other Secured Claims in Class 3. The legal rights of Holders of Other Secured Claims in Class 3 are treated consistently with the treatment of other classes whose legal rights are substantially similar, and such Holders do not receive more than they are legally entitled to receive for their Claims. In addition, the Plan provides that each Holder, if any, of an Allowed Other Secured Claim will (i) be paid such Holder’s Allowed Other Secured Claim in full in cash; (ii) be paid the sale or disposition proceeds of the property securing such Allowed Other Secured Claim, to the extent of the value of the Debtors’ interest in such property; (iii) receive the property securing such Claim; or (iv) be paid such other distributions as necessary to satisfy the

<sup>5</sup> Although Holders of General Unsecured Claims in Class 5 may receive a portion of the proceeds from the Chapter 5 Causes of Action, such distribution will be deemed to occur outside of the Plan, as the Lenders have made a portion of their recovery available to Holders of Allowed General Unsecured Claims in consideration for the Creditors’ Committee’s support of the Plan.

requirements of the Bankruptcy Code. Such treatment under the Plan is in accordance with section 1129(b)(2)(A) of the Bankruptcy Code.

The Plan "does not discriminate unfairly" and is "fair and equitable" with respect to Class 5. The legal rights of Holders of General Unsecured Claims in Class 5 are treated consistently with the treatment of other classes whose legal rights are substantially similar, and such Holders do not receive more than they legally are entitled to receive for their Claims. In addition, although Holders of General Unsecured Claims in Class 5 will not receive or retain any property under the Plan, there is no class junior to Class 5 (i.e. Class 6-Old Equity Interests) that receives or retains any property under the Plan.

The Plan "does not discriminate unfairly" and is "fair and equitable" with respect to Class 6. The legal rights of Holders of Old Equity Interests in Class 6 are treated consistently with the treatment of other classes whose legal rights are substantially similar, and such Holders do not receive more than they legally are entitled to receive for their Equity Interests. In addition, although all Old Equity Interests will be canceled and extinguished and Holders of Old Equity Interests in Class 6 will not receive or retain any property under the Plan, there is no class junior to Class 6 that receives or retains any property under the Plan.

15. Principal Purpose of the Plan

Pursuant to section 1129(d) of the Bankruptcy Code, the principal purpose of the Plan is not the avoidance of taxes or the avoidance of the application of section 5 of the Securities Act of 1933.

C. Treatment of Unimpaired Claims

The provisions of the Plan with respect to the Holders of unimpaired Claims are fair and appropriate, and the Plan does not require the Holders of unimpaired Claims to file proofs of claim with this Court.



**D. Good Faith Solicitation**

Based on the record before the Court in these Chapter 11 Cases, the Debtors and each of their respective affiliates, agents, representatives, members, principals, shareholders, directors, officers, employees, advisors, and attorneys have acted in "good faith" within the meaning of section 1125(e) of the Bankruptcy Code in compliance with the applicable provisions of the Bankruptcy Code and Bankruptcy Rules in connection with all their respective activities relating to the solicitation of acceptances or consents to the Plan and their participation in the activities described in section 1125 of the Bankruptcy Code, and are entitled to the protections afforded by section 1125(e) of the Bankruptcy Code and the exculpation provisions set forth in Article XI.E of the Plan.

**E. Executory Contracts and Unexpired Leases**

Article VII of the Plan governing the assumption and assignment or rejection of executory contracts and unexpired leases satisfies the requirements of sections 365(a) and (b) of the Bankruptcy Code. Pursuant to Article VII.A of the Plan, on the Confirmation Date, all executory contracts or unexpired leases of the Debtors shall be deemed rejected in accordance with sections 365 and 1123 of the Bankruptcy Code, except those executory contracts and unexpired leases that (i) have been assumed by order of the Court, (ii) are the subject of a motion to assume pending on the Effective Date, (iii) are identified on a list to be filed with the Court on or before the Confirmation Date, or (iv) are assumed under the Plan. In addition, pursuant to Article VII.B of the Plan, all benefit plans of the Debtors for any of their employees set forth in the Plan Supplement shall be deemed terminated on the Confirmation Date.

**F. Settlements**

Pursuant to section 1123(b)(3) of the Bankruptcy Code and Bankruptcy Rule 9019(a): (i) the settlements, compromises, releases, discharges, exculpation, and injunctions set

forth in the Plan and implemented by this Order shall be, and hereby are, approved as fair, equitable, reasonable, and in the best interests of the Debtors, Reorganized Teligent and their estates, Creditors and Equity Interest Holders; and (iii) the settlement or compromise of all claims or controversies set forth in the Plan relating to the termination of all contractual, legal and equitable subordination rights that any Holder of a Claim or Equity Interest may have with respect to any Allowed Claim or Allowed Equity Interest, or any distribution to be made pursuant to the Plan on account of such Allowed Claims, is in the best interests of the Debtors, its estate, Creditors and Equity Interest Holders, and shall be, and hereby is, approved as fair, equitable and reasonable. All settlements, compromises, releases, discharges, exculpations and injunctions set forth in the Plan shall be, and hereby are, effective and binding on all persons and entities who may have had standing to assert such claims or causes of action and no other person or entity shall possess such standing to assert such claims or causes of action after the Effective Date.

**G. Satisfaction of Conditions to Confirmation**

Each of the conditions precedent to the entry of this Order has been satisfied or waived in accordance with the Plan.

**H. Retention of Jurisdiction**

The Court may properly retain jurisdiction over the matters set forth in Article X of the Plan and section 1142 of the Bankruptcy Code. Further, the Court shall retain jurisdiction as to those matters set forth in this Order.

## **II.** **ORDER**

### **A. Confirmation of the Plan**

The Plan and each of its provisions shall be, and hereby are, confirmed and approved in each and every respect pursuant to section 1129 of the Bankruptcy Code. The terms of the Plan are incorporated by reference into, and are an integral part of, this Order. Notwithstanding the foregoing, if there is any direct conflict between the terms of the Plan and the terms of this Order, the terms of this Order shall control. All objections and responses to, and statements and comments regarding, the Plan, to the extent not already withdrawn or resolved pursuant to representations on the record at the Confirmation Hearing, shall be, and hereby are, overruled. The Debtors' estates shall be, and hereby are, substantively consolidated as provided in the Plan.

### **B. Exemption from Certain Taxes**

Pursuant to section 1146(c) of the Bankruptcy Code: (i) the issuance, transfer or exchange of the New Teligent Stock; (ii) the creation, modification, consolidation or recording of any mortgage, deed of trust or other security interest, the securing of additional indebtedness by such means or by other means (whether in connection with the issuance and distribution of New Teligent Stock, or otherwise in furtherance of, or in connection with, the Plan); (iii) the making, assignment or recording of any lease or sublease; or (iv) the making, delivery or recording of any deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan, including any deeds, bills of sale, assignments or other instruments of transfer executed in connection with any transactions arising out of, contemplated by or in any way related to the Plan or this Confirmation Order, shall not be taxed under any law imposing a stamp tax or similar tax, and the appropriate state or local governmental officials or agents shall be, and

hereby are, directed to forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

**C. Effects of Confirmation**

**1. Executory Contracts and Unexpired Leases**

The executory contracts and unexpired leases provisions in Article VII of the Plan shall be, and hereby are, approved. All executory contracts or unexpired leases of the Debtors shall be, and hereby are, deemed rejected in accordance with sections 365 and 1123 of the Bankruptcy Code, except those executory contracts and unexpired leases that (i) have been assumed by order of the Court, (ii) are the subject of a motion to assume pending on the Effective Date, with such executory contracts and unexpired leases to be resolved pursuant to such motions (iii) are identified on a list to be filed with the Court on or before the Confirmation Date, or (iv) are assumed under the Plan. Section 365(d)(4) of the Bankruptcy Code shall not be deemed to have expired with respect to any unexpired leases not rejected under the Plan, pending disposition of such executory contracts and unexpired leases as set forth herein. Entry of this Order by the clerk of the Court shall constitute approval of such rejections pursuant to sections 365(a) and 1123 of the Bankruptcy Code and as set forth in that Order Pursuant to Sections 365 and 554 of the Bankruptcy Code Authorizing and Approving an Expedited Procedure for the Rejection of Executory Contracts and Unexpired Leases of Non-Residential Real Property and Abandonment of Property of the Debtors. All benefit plans of the Debtors for any of their employees set forth in the Plan Supplement shall be, and hereby are, deemed terminated.

2. Insurance Preservation

Nothing in the Plan, including any releases, shall diminish or impair the enforceability of any Insurance Policies that may cover Claims against the Debtors or any other Person.

3. Subordination Injunction

The classification and manner of satisfying all Claims and Equity Interests and the respective distributions and treatments under the Plan take into account and/or conform to the relative priority and rights of the Claims and Equity Interests in each Class in connection with any contractual, legal and equitable subordination rights relating thereto whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code or otherwise, and any and all such rights shall be, and hereby are, settled, compromised and released pursuant to the Plan. As of the Effective Date, all Persons shall be, and hereby are, permanently enjoined from enforcing or attempting to enforce any such contractual, legal and equitable subordination rights satisfied, compromised and settled pursuant to the Plan and this Order.

4. Injunction and Stays Remain in Effect until Effective Date

All injunctions and stays pursuant to sections 105 and 362 of the Bankruptcy Code or otherwise shall remain in full force and effect until the Effective Date of the Plan, except that nothing in the Plan shall bar the filing of financing documents or the taking of such other actions as are necessary to effectuate the transactions specifically contemplated by the Plan or by this Order.

5. Discharge of Debtors

Pursuant to section 1141 of the Bankruptcy Code, except as otherwise provided in the Plan: (i) rights afforded in the Plan and the treatment of all Claims and Equity Interests in

the Plan, shall be in exchange for and in complete satisfaction, discharge and release of Claims and Equity Interests of any nature whatsoever, including any interest accrued on Claims from and after the Petition Date, against the Debtors or any of their assets or properties; and (ii) on the Effective Date, all such Claims against, and Equity Interests in, the Debtors shall be satisfied, discharged and released in full.

**D. Matters Related to Implementation of the Plan**

**1. Immediate Effectiveness; Successors; and Assigns**

In accordance with section 1141 of the Bankruptcy Code, immediately upon the entry of this Order, the terms of the Plan shall be, and hereby are, deemed binding upon the Debtors, Reorganized Teligent, the holders of Claims and Equity Interests (whether or not the Claim or Equity Interest is Allowed under section 502 of the Bankruptcy Code or impaired under the Plan, and whether or not the holder of such Claim or Equity Interest has filed, or is deemed to have filed, a proof of Claim or Equity Interest or has accepted or rejected the Plan), and their respective successors and assigns, if any, of any of the foregoing.

**2. Corporate Authorization; Continued Corporate Existence**

Subject to the terms of the New Teligent Charter, the New Teligent Bylaws for Reorganized Teligent and the Stockholders Agreement, the occurrence of the Confirmation Date shall constitute authorization for the Debtors or Reorganized Teligent to take or cause to be taken any corporate action necessary or appropriate before or after the Effective Date for the effectuation of the Plan, including, all steps necessary, if any, for Reorganized Teligent to issue the New Teligent Common Stock and to file tax returns or to terminate the Debtors' corporate existence. All such actions shall be, and hereby are, deemed approved, and all such actions and the other matters provided for under the Plan involving corporate action to be taken by or required of the Debtors will occur and be effective as provided in the Plan, and will be

authorized and approved in all respects and for all purposes without any requirement of further action by any stockholders, voting trustees or directors of any of the Debtors.

Except as otherwise provided in the Plan, the Debtors shall, as Reorganized Teligent, continue to exist after the Effective Date as separate corporate entities, with all the powers of a corporation under the laws of the State of Delaware and without prejudice to any right to alter or terminate such existence (whether by merger or otherwise) under such applicable state law. Except as otherwise provided in the Plan, on and after the Effective Date, all property of the Estates, and any property acquired by the Debtors or Reorganized Teligent under the Plan, shall vest in Reorganized Teligent, free and clear of all Claims, liens, charges, or other encumbrances.

On and after the Effective Date, Reorganized Teligent may operate its business and may use, acquire or dispose of property and compromise or settle any Claims or Equity Interests, without supervision or approval by this Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan, this Confirmation Order, the New Teligent Charter, the New Teligent Bylaws and the Stockholders Agreement. Without limiting the foregoing, Reorganized Teligent may pay the charges that it incurs on or after the Confirmation Date for Professionals' fees, disbursements, expenses or related support services without application to the Court.

3. Cancellation of Notes, Instruments, Debentures and Equity Securities

On the Effective Date, except to the extent provided otherwise in the Plan, all notes, instruments, debentures, certificates and other documents evidencing Claims and all Equity Interests in any of the Debtors shall be canceled and deemed terminated and surrendered (regardless of whether such notes, instruments, debentures, certificates or other documents are in fact surrendered for a cancellation to the appropriate indenture trustee or other such person),

except for purposes of distribution in accordance with the terms of the Plan. On the Effective Date, any indentures to which any Debtor is a party shall be deemed canceled as permitted by section 1123(a)(5) of the Bankruptcy Code.

4. Issuance of New Securities

On or as soon as practicable after the Effective Date, Reorganized Teligent shall issue all securities, notes, instruments, certificates, and other documents of Reorganized Teligent required to be issued pursuant to the Plan, including, without limitation, the New Teligent Common Stock, which shall be distributed as provided in the Plan. Reorganized Teligent shall execute and deliver such other agreements, documents and instruments as are required to be executed pursuant to the terms of the Plan, including the Stockholders Agreement.

5. New Charter and New Bylaws

On the Effective Date or as soon thereafter as is practicable, Reorganized Teligent shall file with the Secretary of State of the State of Delaware, in accordance with the applicable corporation laws of such state, the New Teligent Charter and such New Teligent Charter shall be the charter for Reorganized Teligent. The New Teligent Charter shall provide, among other things, for (a) the authorization of New Teligent Common Stock, (b) to the fullest extent permitted by the corporate law of Delaware, a limitation on the personal liability of directors to Reorganized Teligent or its stockholders for monetary damage for breach of fiduciary duty as a director, (c) actions of Reorganized Teligent which require consent of the stockholders or the Stockholder Committee (or the Chairperson of the Stockholder Committee), as the case may be, pursuant to the Stockholders Agreement, and (d) a prohibition on the issuance of nonvoting equity securities to the extent required by the section 1123(a)(6) of the Bankruptcy Code. The New Teligent Bylaws shall provide, among other things, that the Board of Directors shall



initially consist of two members, and on the Effective Date, the New Teligent Bylaws shall become the bylaws of Reorganized Teligent.

6. Board of Directors

The initial Board of Directors for Reorganized Teligent shall consist of the following individuals: James V. Continenza and Stuart H. Kupinsky. The appointment or continuance of the proposed Board of Directors shall be, and hereby is, consistent with the interests of the Holders of Claims and Equity Interests and public policy.

7. Distributions

The distributions provisions of the Plan shall be, and hereby are, approved. Reorganized Teligent shall make all distributions to Holders of Allowed General Administrative Claims, Administrative Convenience Claims, Professional Fee Claims, Priority Claims, Priority Convenience Claims, Other Secured Claims, Repetition Lender Superpriority Administrative Claims and Repetition Lender Secured Claims provided for in the Plan in the manner set forth in the Plan. For purposes of distributions from the Claim Fund, General Administrative Claims and Priority Claims shall be treated equally, regardless of their legal priorities under the Bankruptcy Code. The Unsecured Claim Estate Representative shall make distributions to Holders of Allowed Unsecured Claims in the manner set forth in the Plan.

8. Vesting of Assets

In accordance with section 1141 of the Bankruptcy Code, on the Effective Date, all of the Debtors' Property shall vest with Reorganized Teligent free and clear of all Claims and Equity Interests of Creditors and other Persons, except for the rights to distribution afforded to such Creditors under the Plan. In consideration of these transfers, Reorganized Teligent shall make the distributions required under the Plan in accordance with the Plan's terms. The total recovery for all Holders of General Administrative Claims, Administrative Convenience Claims,

Priority Tax Claims, Priority Convenience Claims and Other Priority Claims shall be limited to distributions from the Claim Fund pursuant to the terms of the Plan. After the Effective Date, Reorganized Teligent shall have no liability to Holders of Claims or Equity Interests other than as provided for in the Plan.

9. Releases, Injunctive and Related Provisions

(a) *Limited Releases by the Debtors*

On and after the Effective Date, except as otherwise specifically provided in the Plan, for good and valuable consideration, the D&O Releasees, the Bank Releasees and the Committee Releasees are released by the Debtors and Reorganized Teligent from any and all claims (as defined in section 101(5) of the Bankruptcy Code), obligations, rights, suits, damages, causes of action, remedies and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, that the Debtors or their subsidiaries would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or Equity Interest or other Person (including any derivative shareholder claims or actions that could be asserted), based in whole or in part upon any act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date.

(b) *Limited Releases by Holders of Claims*

As set forth in the Plan, on and after the Effective Date, each Holder of a Claim (i) who has accepted the Plan or (ii) who is entitled to receive a distribution of property in connection with the Plan, shall be deemed to have unconditionally released the D&O Releasees, the Bank Releasees and the Committee Releasees from any and all claims (as defined in section 101(5) of the Bankruptcy Code), obligations, rights, suits, damages, causes of action, remedies and liabilities whatsoever, including any derivative claims asserted on behalf of the Debtors,

whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, that such Person would have been legally entitled to assert (whether individually or collectively), based in whole or in part upon any act or omission, transaction, agreement, event or other occurrence taking place on or before the Confirmation Date in any way relating or pertaining to (a) the purchase or sale, or the rescission of a purchase or sale, of any security of the Debtors, (b) the Debtors or Reorganized Teligent, (c) the Chapter 11 Cases, or (d) the negotiation, formulation and preparation of the Plan, the Stockholders Agreement and Prepetition Credit Agreement or any related agreements, instruments or other documents.

(c) *Preservation of Rights of Action*

Except as otherwise provided in the Plan or in any contract, instrument, release, indenture or other agreement entered into in connection with the Plan, in accordance with section 1123(b) of the Bankruptcy Code, Reorganized Teligent shall retain and may exclusively enforce and settle any Claims, rights and causes of action that the Debtors or the estate may hold against any Person. While the Debtor has made a reasonable effort to identify known actual or potential causes of action that the Debtors may pursue after the Effective Date, the Debtors have expressly reserved the right to pursue or defend causes of action not specifically or generally identified in the Disclosure Statement, the Plan or otherwise. The entry of this Order shall not be construed in any way to affect or alter such rights. Reorganized Teligent may pursue such retained Claims, rights or causes of action, as appropriate, in accordance with the best interests of the Reorganized Debtor.

(d) *Injunction*

From and after the Effective Date, all Holders of Claims or Equity Interests will be permanently enjoined from commencing or continuing in any manner, any suit, action or

other proceeding, on account of or respecting any Claim, obligation, debt, right, cause of action, remedy or liability released or to be released pursuant to the Plan.

(e) *Exculpation*

As set forth in the Plan, the Debtors, Reorganized Teligent, the D&O Releasees, the Bank Releasees and the Committee Releasees and their respective members and professionals (acting in such capacity) shall neither have nor incur any liability to any Person for any act taken or omitted to be taken in connection with or related to the formulation, preparation, dissemination, implementation, administration, Confirmation or Consummation of the Plan, the Disclosure Statement or any contract, instrument, release or other agreement or document created or entered into in connection with the Plan, or any act taken or omitted to be taken in connection with, in contemplation of, during or in any way related to the Chapter 11 Cases; provided that the exculpation provision of the Plan shall not apply to intentional acts determined by a court of competent jurisdiction to be taken in bad faith.

E. Substantive Consolidation

For purposes of the Plan, on the Effective Date, except for Reorganized Teligent, (i) each of the Debtors shall be deemed to have dissolved or otherwise terminated its existence following the Effective Date; (ii) all inter-Debtor Claims by and among the Debtors shall be released and waived; (iii) all assets and all proceeds thereof and all liabilities, of any and all of the Debtors, shall be merged or created as though they were the assets or liabilities jointly of all Debtors; (iv) any obligation of any of the Debtors and all guarantees thereof executed by any of the Debtors shall be deemed to be a single obligation of the Debtors; (v) any Claims filed or to be filed in connection with any such obligation and any such guarantees shall be deemed one Claim against the Debtors; and (vi) every Claim filed or to be filed in the individual Chapter 11 Case of any of the Debtors shall be deemed one Claim filed against the Debtors.

Notwithstanding the foregoing, the Debtors' rights of recovery against any Person other than a Debtor with respect to any assets and the rights of any party with a security interest in the Debtors' property shall not be prejudiced by such consolidation.

**F. Securities Laws Exemption**

Pursuant to section 1145 of the Bankruptcy Code, the offering, issuance and distribution of the New Teligent Stock, and any other securities issued pursuant to the Plan in respect of Claims or Interests shall be exempt from section 5 of the Securities Act and any state or local law requiring registration prior to the offering, issuance, distribution or sale of securities.

**G. Plan Supplement**

The documents contained in the Plan Supplement and any amendments, modifications, and supplements thereto, and all documents and agreements introduced into evidence by the Debtors at the Confirmation Hearing (including all exhibits and attachments thereto and documents referred to therein), and the execution, delivery, and performance thereof by Reorganized Teligent, shall be, and hereby are, authorized and approved. Without need for further order or authorization of the Court, the Debtors and Reorganized Teligent shall be, and hereby are, authorized and empowered to make any and all modifications to any and all documents included as part of the Plan Supplement that do not materially modify the terms of such documents and are consistent with the Plan.

**H. Governmental Approvals Not Required**

This Order shall constitute all approvals and consents required, if any, by the laws, rules, or regulations of any state or any other governmental authority with respect to the implementation or consummation of the Plan and any documents, instruments, or agreements, and any amendments or modifications thereto, and any other acts referred to in or contemplated

by the Plan, the Disclosure Statement, the Plan Supplement and any documents, instruments, or agreements, and any amendments or modifications thereto.

**I. Dissolution of Committees**

The Creditors' Committee shall be dissolved on the Effective Date. On the Effective Date, its members, professionals and agents shall be deemed released of their duties and obligations, and shall be without further duties or authority in connection with the Debtors, the Chapter 11 Cases, the Plan or its implementation.

**J. Retention of Jurisdiction**

Notwithstanding the entry of this Order and the occurrence of the Effective Date, this Court shall retain such jurisdiction over the Chapter 11 Cases after the Effective Date as legally permissible, including jurisdiction to:

- (i) to determine objections to the allowance of Claims;
- (ii) to determine motions to estimate Claims at any time, regardless of whether the Claim to be estimated is the subject of a pending objection, a pending appeal, or otherwise;
- (iii) to determine motions to subordinate Claims at any time and on any basis permitted by applicable law;
- (iv) to determine applications for the rejection or assumption of executory contracts or unexpired leases to which the Debtors are a party or with respect to which any Debtor may be liable, and to hear and determine, and if need be to liquidate, any and all Claims arising therefrom;
- (v) to determine applications, adversary proceedings and contested or litigated matters and all Chapter 5 Causes of Action, whether pending on the Effective Date or commenced thereafter;
- (vi) to consider any Plan modifications, to cure any defect or omission, or reconcile any inconsistency in any order of the Court;
- (vii) to determine all controversies, suits and disputes that may arise in connection with the interpretation or consummation of the Plan or the documents filed pursuant to the Plan Supplement or Reorganized Teligent's obligations under the Plan;

- (viii) to issue orders in aid of execution of the Plan to the extent authorized by section 1142 of the Bankruptcy Code;
- (ix) to determine such other matters as may be set forth in this Order or as may arise in connection with the Plan, the documents filed pursuant to the Plan Supplement or this Order;
- (x) to determine any and all applications for allowance of compensation and reimbursement of expenses and any other fees and expenses authorized to be paid or reimbursed under the Bankruptcy Code or the Plan;
- (xi) to enforce creditors' rights to payments and to the delivery of money or other Property to which holders of Allowed Claims may be entitled under the Plan;
- (xii) to determine any matter or dispute in connection with the Funds;
- (xiii) to issue injunctions, enter and implement other orders to take such other actions as may be necessary or appropriate to restrain interference by any Person with consummation, implementation or enforcement of the Plan, the documents filed pursuant to the Plan Supplement or this Order; and
- (xiv) to enter a final decree closing the Chapter 11 Cases.

**K. Payment of Statutory Fees**

On or prior to the Effective Date, the Debtors shall pay all fees payable pursuant to 28 U.S.C. § 1930.

**L. Compensation and Reimbursement**

**1. Final Fee Applications**

All entities seeking an award by the Court of compensation for services rendered or reimbursement of expenses incurred through and including the Confirmation Date under section 503(b)(2), 503(b)(3), 503(b)(4), or 503(b)(5) of the Bankruptcy Code (A) (i) shall file their respective final applications for allowance of compensation for services rendered and reimbursement of expenses (the "Final Fee Applications") incurred by the date that is sixty (60) days after the entry of this Order, or such later date as may be approved by the Court and (ii) shall be paid in full in such amounts as are allowed by the Court after the date upon which

the order relating to any such Administrative Expense Claim becomes a Final Order, or (B) upon such other terms as may be mutually agreed upon between the Holder of such an Administrative Expense Claim and the Debtors or, on and after the Effective Date, Reorganized Teligent. Final Fee Applications shall be served on Reorganized Teligent, the United States Trustee, the Creditors' Committee and the attorneys for the Agent. The Debtors are authorized to pay compensation for services rendered or reimbursement of expenses incurred after the Confirmation Date and until the Effective Date in the ordinary course and without the need for further Court approval.

2. Final Fee Hearing

A hearing to consider Final Fee Applications shall be held at such date and time as is hereinafter scheduled by the Court (the "Final Fee Hearing"). Reorganized Teligent shall give notice of the Final Fee Hearing to each professional retained pursuant to an order of the Court that is required to file a Fee Application, all parties who have advised Reorganized Teligent of their intention to file an application premised on their having made a substantial contribution, the United States Trustee, the Creditors' Committee, and the attorneys for the Agent. The Final Fee Hearing may be adjourned without further notice other than an announcement at the Final Fee Hearing or an adjourned Final Fee Hearing.

M. Miscellaneous

1. Modification of Plan

Without further need for further order or authorization of this Court, the Debtors and Reorganized Teligent are authorized to make any and all modifications to the Plan up to and including the Effective Date in such a manner that does not materially modify the terms of the Plan and as may be necessary to carry out the purposes and intent of the Plan.



2. Waiver of 10-Day Stay Under Bankruptcy Rule 3020(c)

Pursuant to Bankruptcy Rule 3020(e), the 10-day stay provision for confirmation orders shall be, and hereby is, waived and dispensed with. The Debtors are authorized to consummate the Plan and the transactions contemplated thereby upon satisfaction of the conditions set forth in Article VIII of the Plan

3. Wachovia Letters of Credit

The Agreed Order Resolving Wachovia Bank, National Association f/k/a First Union National Bank's Motion for Relief from the Automatic Stay and Terminating the Automatic Stay as to Wachovia Bank, National Association f/k/a First Union National Bank and Certain Assets of Teligent, Inc. ("Agreed Order") dated October 12, 2001 shall continue in full force and effect after confirmation of the Plan and shall be applicable to the remaining two letters of credit issued by Wachovia Bank, National Association f/k/a First Union National Bank for the benefit of Teligent, Inc. in the amounts of \$30,000.00 and \$17,226.66 with maturity dates of October 9, 2002 and April 1, 2004, respectively (the "Remaining Letters of Credit"). The Remaining Letters of Credit shall continue to be secured by assets of Teligent, Inc. held or on deposit in a bank account of Teligent, Inc. located at Wachovia Bank, National Association bearing account number 5025492374, including all cash and other assets of Teligent, Inc. on deposit or held therein (collectively the "Collateral"), which Collateral as of August 6, 2002 amounts to \$302,965.40. Wachovia Bank, National Association shall retain \$100,000.00 of the Collateral plus interest and/or dividends thereon (collectively, the "Remaining Collateral") as security for all indebtedness and obligations of Teligent, Inc. to Wachovia Bank, National Association under the Remaining Letters of Credit and all Letter of Credit Documents, as that term is defined in the Agreed Order and shall, within two business days after the entry of this

Order and the expiration of all applicable appeal periods, release the other \$202,965.40 of the Collateral to Teligent, Inc. or its designee.

4. Notice of Entry of Confirmation Order and Effective Date

Within twenty (20) Business Days following the occurrence of the Effective Date, Reorganized Teligent shall file and serve notice of entry of this Order (the "Notice of Confirmation") pursuant to Bankruptcy Rules 2002(f)(7), 2002(k), and 3020(c) and notice of the occurrence of the Effective Date ("Notice of Effective Date") on all creditors and interest holders, the United States Trustee, and other parties in interest, by causing Notice of Confirmation and Notice of Effective Date to be delivered to such parties by first-class mail, postage prepaid. The notice described herein is adequate under the particular circumstances and no other or further notice is necessary. The Debtors also shall cause the Notice of Confirmation and Notice of Effective Date to be published as promptly as practicable after the entry of this Order once in The Wall Street Journal (National Edition).

5. Efficacy of the Plan

The failure to specifically include any particular provision of the Plan in this Order shall not diminish or impair the efficacy of such provision, it being understood the intent of this Court that the Plan be confirmed and approved in its entirety.

IT SO ORDERED.

Dated: September 6, 2002  
New York, New York

/s/ STUART M. BERNSTEIN  
The Honorable Stuart M. Bernstein  
Chief United States Bankruptcy Judge

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK**

In re

Teligent, Inc., et al.,<sup>1</sup>

Debtors.

Chapter 11

Case No. 01-12974 (SMB)  
Jointly Administered

**JOINT LIQUIDATING PLAN OF REORGANIZATION  
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

KIRKLAND & ELLIS  
Citigroup Center  
153 East 53rd Street  
New York, New York 10022  
(212) 446-4800

– and –

KIRKLAND & ELLIS  
200 East Randolph Drive  
Chicago, Illinois 60601-6636  
(312) 861-2000

ATTORNEYS FOR DEBTORS AND  
DEBTORS-IN-POSSESSION

Dated: May 21, 2002  
New York, New York

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<sup>1</sup> The Debtors are the following entities: Teligent, Inc.; Teligent Services, Inc.; Xandu Shell Corp. (f/k/a American Long Lines, Inc.); Association Communications, Inc.; Auctel, Inc.; BackLink, L.L.C.; Winston Shell Corp. (f/k/a Easton Telecom Services, Inc.); Quincy Shell Corp. (f/k/a Executive Conference, Inc.); FirstMark Communications, Inc.; Sawyer Shell Corp. (f/k/a InfiNet Telecommunications, Inc.); JTel, L.L.C.; KatLink, L.L.C.; OMC Communications, Inc.; Quadrangle Investments, Inc.; Atlantis II Shell Corp. (f/k/a Telecommunications Concepts, Inc.); Teligent Communications, L.L.C.; Teligent License Co. I, L.L.C.; Teligent License Co. II, L.L.C.; Teligent of Virginia, Inc.; Teligent Professional Services, Inc.; and Teligent Telecommunications, L.L.C.

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Teligent, Inc.; Teligent Services, Inc.; Xandu Shell Corp. (f/k/a American Long Lines, Inc.); Association Communications, Inc.; Auctel, Inc.; BackLink, L.L.C.; Winston Shell Corp. (f/k/a Easton Telecom Services, Inc.); Quincy Shell Corp. (f/k/a Executive Conference, Inc.); FirstMark Communications, Inc.; Sawyer Shell Corp. (f/k/a InfiNet Telecommunications, Inc.); JTel, L.L.C.; KatLink, L.L.C.; OMC Communications, Inc.; Quadrangle Investments, Inc.; Atlantis II Shell Corp. (f/k/a Telecommunications Concepts, Inc.); Teligent Communications, L.L.C.; Teligent License Co. I, L.L.C.; Teligent License Co. II, L.L.C.; Teligent of Virginia, Inc.; Teligent Professional Services, Inc.; and Teligent Telecommunications, L.L.C. jointly propose the following liquidating plan of reorganization under § 11 U.S.C. 1121(a). ALL HOLDERS OF CLAIMS AND EQUITY INTERESTS ARE URGED TO READ THIS PLAN AND THE DISCLOSURE STATEMENT CAREFULLY TO EVALUATE HOW THIS PLAN WILL AFFECT THEIR CLAIMS OR EQUITY INTERESTS.

## **ARTICLE I**

### **DEFINED TERMS, RULES OF INTERPRETATION, COMPUTATION OF TIME AND GOVERNING LAW**

#### *A. Rules of Interpretation, Computation of Time and Governing Law*

1. For purposes herein: (a) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and the neuter gender; (b) any reference herein to a contract, instrument, release, indenture or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions; (c) any reference herein to an existing document or exhibit Filed, or to be Filed, shall mean such document or exhibit, as it may have been or may be amended, modified or supplemented; (d) unless otherwise specified, all references herein to Sections, Articles and Exhibits are references to Sections, Articles and Exhibits hereof or hereto; (e) the words "herein," "hereof" and "hereto" refer to the Plan in its entirety rather than to a particular portion of this Plan; (f) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation hereof; (g) the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; and (h) any term used in capitalized form herein that is not otherwise defined but that is defined in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to such term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be.

2. In computing any period of time prescribed or allowed hereby, the provisions of Bankruptcy Rule 9006(a) shall apply.

3. Except to the extent that the Bankruptcy Code or Bankruptcy Rules are applicable, and subject to the provisions of any contract, instrument, release, indenture or other agreement or document entered into in connection herewith, the rights and obligations arising hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without giving effect to the principles of conflict of laws thereof.

*B. Defined Terms.* As used in the Plan, the following terms have the meanings ascribed to them below, unless the context otherwise requires:

1. *Administrative Claim:* Any cost or expense of administration of the Chapter 11 Cases allowed under section 503(b) of the Bankruptcy Code and entitled to priority in payment under section 507(a)(1) of the Bankruptcy Code, including any actual and necessary expenses of preserving the estate of any Debtor, any actual and necessary expenses of operating the business of any Debtor, and any indebtedness or obligations incurred or assumed by any Debtor during the pendency of the Chapter 11 Cases in connection with the conduct of the business of, the acquisition or lease of property by, or the rendition of services to, any Debtor.

2. *Administrative Claim Bar Date:* The deadline ordered by the Bankruptcy Court for filing certain Administrative Claims, February 20, 2002.



3. *Agent:* JPMorgan Chase Bank, as administrative agent for the Lenders under the Prepetition Credit Agreement.

4. *Allowed:* Whenever in the Plan the word "Allowed" precedes a defined term describing a Claim, that phrase will mean an Allowed Claim of the type described.

5. *Allowed Claim:* Allowed Claim shall mean (a) any Claim against the Debtors, proof of which has been timely filed with the Bankruptcy Court, or which has been or hereafter is scheduled by the Debtors as liquidated in amount and not disputed or contingent and which, in either case, is a Claim as to which no objection to the allowance thereof has been filed within the applicable period of limitation for objection to Claims fixed by the Bankruptcy Court, or as to which any objection has been determined by a Final Order allowing such Claim; or (b) a Claim against a Debtor that is allowed (i) in a Final Order or (ii) under the Plan.

6. *Bank Distribution:* A distribution to the Lenders pursuant to which such Lenders will receive their Pro Rata share of 100% of the New Teligent Common Stock.

7. *Bank Releasees:* The Agent and the Lenders in their capacity as such under the Prepetition Credit Agreement or the Cash Collateral Order, together with their respective officers, directors, employees, attorneys, financial advisors, accountants, investment bankers, agents and representatives in each case in their capacity as such.

8. *Bankruptcy Code:* Title I of the Bankruptcy Reform Act of 1978, as amended, set forth in title 11, sections 101 *et seq.*, of the United States Code.

9. *Bankruptcy Court:* The United States Bankruptcy Court for the Southern District of New York, or, if such court ceases to exercise jurisdiction over the Chapter 11 Cases, the court that exercises jurisdiction over the Chapter 11 Cases.

10. *Bankruptcy Rules:* The Federal Rules of Bankruptcy Procedure promulgated under 28 U.S.C. § 2076, as amended from time to time, and the local rules of the Bankruptcy Court.

11. *Business Day:* Any day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close.

12. *Cash Collateral Order:* That certain Final Order (I) Authorizing the Use of Lenders' Cash Collateral and (II) Granting Adequate Protection Pursuant to 11 U.S.C. §§ 361 and 363, entered by the clerk of the Bankruptcy Court on June 13, 2001 (as amended or modified).

13. *Chapter 5 Causes of Action:* Any and all of any Debtor's rights, claims, or causes of action under sections 542, 544, 545, 547, 548, 549, 550 and 552(b) of the Bankruptcy Code, whether known or unknown, in law, equity or otherwise, except to the extent waived or retained by the Debtors during the Chapter 11 Cases or pursuant to the Plan.

14. *Chapter 11 Cases:* Collectively, the cases under Chapter 11 of the Bankruptcy Code, commenced by the Debtors, and styled "In re Teligent, Inc., et al.," case numbers 01-12974 to 01-12981, 01-12983, 01-12985, 01-12986, 01-12989-01 to 12991, 01-12993, 01-12994, 01-12991, 01-12999 and 01-13002 to 01-13004, respectively, jointly administered for administrative purposes only under case number 01-12974.

15. *Claim:* Any right to (a) payment from any Debtor, whether or not such right is reduced to a judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured or (b) an equitable remedy for breach of performance if such breach gives rise to a right of payment from any Debtor, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, disputed, undisputed, secured or unsecured.

16. *Claim Fund:* The fund to be established by Reorganized Teligent on the Effective Date in the amount of \$4,000,000 for the purpose of distributing payments to Holders of General Administrative Claims,

Priority Tax Claims, Other Priority Claims and Other Secured Claims that are Allowed; provided that the amount of the Claim Fund shall be reduced by any payments made by the Debtors after the Administrative Claims Bar Date to compromise such Claims that would otherwise be subject to the Plan.

17. *Committee Releasees:* The Creditors' Committee, members of the Creditors' Committee, together with their officers, directors, employees, attorneys, financial advisors, accountants, investment bankers, agents and representatives in each case in their capacity as such.

18. *Confirmation Date:* The date upon which the clerk of the Bankruptcy Court enters the Confirmation Order on the legal docket maintained by the clerk's office.

19. *Confirmation Order:* An order of the Bankruptcy Court confirming the Plan in accordance with the provisions of Chapter 11 of the Bankruptcy Code.

20. *Consummation:* The occurrence of the Effective Date.

21. *Contingent Claim:* Any Claim that is contingent or unliquidated. Wherever in the Plan the word "Contingent" precedes a defined term describing a Claim within a particular class, that phrase will mean a Contingent Claim of the type described in such class.

22. *Creditor:* Any Person that holds a Claim against any Debtor.

23. *Creditors' Committee:* The committee of unsecured creditors appointed by the United States Trustee in the Chapter 11 Cases.

24. *D&O Releasees:* All officers, directors, employees, attorneys, financial advisors, accountants, investment bankers, agents and representatives of the Debtors and their subsidiaries, but in each case only in their capacity as such and only if serving in such capacity on the Effective Date.

25. *Debtor:* The Debtors are the following entities: Teligent, Inc.; Teligent Services, Inc.; Xandu Shell Corp. (f/k/a American Long Lines, Inc.); Association Communications, Inc.; Auctel, Inc.; BackLink, L.L.C.; Winston Shell Corp. (f/k/a Easton Telecom Services, Inc.); Quincy Shell Corp. (f/k/a Executive Conference, Inc.); FirstMark Communications, Inc.; InfiNet Telecommunications, Inc.; JTel, L.L.C.; KatLink, L.L.C.; OMC Communications, Inc.; Quadrangle Investments, Inc.; Atlantis II Shell Corp. (f/k/a Telecommunications Concepts, Inc.); Teligent Communications, L.L.C.; Teligent License Co. I, L.L.C.; Teligent License Co. II, L.L.C.; Teligent of Virginia, Inc.; Teligent Professional Services, Inc.; and Teligent Telecommunications, L.L.C.

26. *Debtor in Possession:* Each of the Debtors, as a debtor in possession.

27. *Disclosure Statement:* The Disclosure Statement, dated May \_\_, 2002, describing the Plan, as amended, supplemented, or modified from time to time, prepared and distributed in accordance with sections 1125 and 1126(b) of the Bankruptcy Code and Bankruptcy Rule 3018.

28. *Disputed Claim:* Any Claim within a particular class against any Debtor (i) that such Debtor has scheduled as unliquidated, disputed, or contingent, (ii) to which a party in interest has objected, or (iii) that has not become an Allowed Claim. Wherever in the Plan the word "Disputed" precedes a defined term describing a Claim, that phrase will mean a Disputed Claim of the type described.

29. *Effective Date:* The first Business Day to occur after the conditions to the Effective Date set forth in Article VIII are met or waived in accordance with that Article; or such later date designated by the Debtors and the Agent.

30. *Equity Interest:* Any equity interest in a Debtor represented by, related to, or arising from stock, options, warrants or other instruments in any Debtor.

31. *Filed*: "File" or "Filed" means file or filed with the Bankruptcy Court in the Chapter 11 Cases.

32. *Final Order*: An order that has not been reversed or stayed, is no longer subject to appeal, *certiorari* proceeding or other proceeding for review, reargument, or rehearing, and as to which no appeal, *certiorari* proceeding, or other proceeding for review, reargument, or rehearing has been requested or is then pending and the time to file any such appeal, *certiorari* proceeding or other proceeding for review, reargument, or rehearing has expired or as to which any right to appeal, petition for *certiorari*, reargue, or seek rehearing shall have been waived in writing in form and substance satisfactory to the Debtors and the Agent.

33. *Funds*: The Claim Fund, the Professional Fee Reserve Fund and the Unsecured Claim Fund.

34. *General Administrative Claim*: Any Administrative Claim other than a Professional Fee Claim, and subject to the Administrative Claims Bar Date or any subsequent bar date with respect to such Claims.

35. *General Unsecured Claim*: Any Claim against any Debtor, other than a General Administrative Claim, a Prepetition Lender Superpriority Administrative Claim, a Professional Fee Claim, a Priority Claim, a Prepetition Lender Secured Claim, or an Other Secured Claim.

36. *Holders*: Any Person owning a Claim or Equity Interest.

37. *Insurance Policy*: Any policy of insurance and any agreements relating thereto that may be available to provide coverage for Claims against a Debtor.

38. *Lenders*: The several banks and other financial institutions from time to time party to the Prepetition Credit Agreement.

39. *New Teligent Bylaws*: Those certain by-laws of Reorganized Teligent which will be filed with the Secretary of State of the State of Delaware, the form of which shall be included in the Plan Supplement.

40. *New Teligent Charter*: That certain Certificate of Incorporation which will be filed with the Secretary of State of the State of Delaware, the form of which shall be included in the Plan Supplement.

41. *New Teligent Common Stock*: The new common stock of Teligent, Inc. issued pursuant to the Plan on the Effective Date to the Lenders. The New Teligent Common Stock shall consist of authorized shares of new common stock of Reorganized Teligent, \$0.001 par value per share. Pursuant to Section III.B.3 of the Plan, such shares shall be issued and distributed only to the Lenders, which shares shall be duly authorized, fully paid and nonassessable shares of capital stock of Teligent, Inc. The remaining authorized shares not issued to the Lenders shall be reserved for future corporate purposes as determined by the Board of Directors of Reorganized Teligent subject to the New Teligent Charter and the Stockholders Agreement.

42. *Old Equity Interests*: The common and preferred stock of the Debtors and any option, warrant instrument or right, contractual or otherwise, to acquire any such interest.

43. *Other Priority Claim*: Any Claim against any Debtor to the extent entitled to priority in payment under sections 507(a)(3)-(7) or section 507(a)(9) of the Bankruptcy Code.

44. *Other Secured Claim*: Any Secured Claim other than a Prepetition Lender Secured Claim.

45. *Person*: Any individual, corporation, partnership, association, joint stock Debtors, joint venture, estate, trust, unincorporated organization or governmental unit or subdivision thereof or other entity.

46. *Petition Date*: The date on which each of the Debtors commenced the Chapter 11 Cases, May 21, 2001.

47. *Plan*: This joint liquidating plan of reorganization under Chapter 11 of the Bankruptcy Code, as it may be amended, supplemented, or modified in accordance with the terms hereof from time to time.

48. *Plan Supplement*: A separate volume of documents, including the Stockholders Agreement, to be filed with the Bankruptcy Court.

49. *Post Petition Loans*: The term "Post Petition Loans" shall have the same meaning as set forth in paragraph 4(a) of the Cash Collateral Order.

50. *Prepetition Credit Agreement*: The Credit Agreement dated as of July 2, 1998 among Teligent, Inc., the Lenders and the Agent, as amended, modified and supplemented from time to time through and including the Petition Date, and inclusive of all collateral, guarantee and other documents executed in connection therewith.

51. *Prepetition Lender Secured Claims*: Collectively, all Secured Claims against any Debtor arising from, under or with respect to the Prepetition Credit Agreement.

52. *Prepetition Lender Superpriority Administrative Claims*: Collectively, all Administrative Claims of the Lenders arising from, under or with respect to the Cash Collateral Order.

53. *Priority Claim*: A Priority Tax Claim or an Other Priority Claim.

54. *Priority Tax Claim*: Any Claim against any Debtor to the extent entitled to priority in payment under section 507(a)(8) of the Bankruptcy Code.

55. *Professional Fee Claim*: Any Claim of a professional retained under the Bankruptcy Code subject to allowance under 11 U.S.C. § 328, § 330 or an order of the Bankruptcy Court.

56. *Professional Fee Reserve Fund*: A reserve to be established on the Effective Date by Reorganized Teligent to pay the Professional Fee Claims allowed by a Final Order of the Bankruptcy Court in an amount equal to (i) the amount of Professional Fee Claims incurred by the Debtors in the Chapter 11 Cases less (ii) the amount of Professional Fee Claims paid prior to the Effective Date pursuant to a Bankruptcy Court order; provided that any amount not so paid on account of Professional Fee Claims shall revert to Reorganized Teligent.

57. *Property*: All of the Debtors' property, whether tangible or intangible, and without limitation, any and all real or personal property, including all cash and cash equivalents, licenses, certifications, tax refunds, accounts receivable, stock in subsidiaries that are not Debtors, inventory, causes of action (other than the Chapter 5 Causes of Action) and equipment.

58. *Pro Rata*: With respect to distributions on Claims, proportionately, so that the ratio of the amount of consideration (and each form thereof) distributed on account of an Allowed Claim to the amount of the Allowed Claim is the same as the ratio of the amount of consideration (and each form thereof) distributed on account of all Allowed Claims to the amount of all Allowed Claims.

59. *Releasees*: The D&O Releasees, the Bank Releasees and the Committee Releasees.

60. *Reorganized Teligent*: On the Effective Date, means Teligent, Inc., and its subsidiaries – Teligent Services, Inc. and Teligent of Virginia.

61. *Secured Claim*: Any Claim to the extent of the value of any interest in property of the estate of a Debtor securing such Claim.

62. *Stockholders Agreement*: That certain agreement by and among Reorganized Teligent and the Lenders, as the Holders of the New Teligent Common Stock.

63. *Stockholder Committee:* The Lenders who shall serve on the stockholder committee pursuant to the Stockholders Agreement, with the Agent being appointed initially as the chair of such Committee.

64. *Unsecured Claim Estate Representative:* That Person appointed by the Creditors Committee to be the estate representative pursuant to section 1123(b)(3) of the Bankruptcy Code to pursue the Chapter 5 Causes of Action and determine the validity, priority and amount of the General Unsecured Claims; provided, however, that if the Creditors' Committee does not designate such Person by the Confirmation Date, the Debtors shall designate the Unsecured Claim Estate Representative.

65. *Unsecured Claim Fund:* On the Effective Date, Reorganized Teligent will transfer an amount equal to \$300,000 to the Unsecured Claim Estate Representative.

C. *Exhibits.* All exhibits to the Plan are incorporated into and are a part of the Plan as if set forth in full herein.

## ARTICLE II PROVISIONS FOR PAYMENT OF ADMINISTRATIVE EXPENSE CLAIMS AND PRIORITY CLAIMS

**The Debtors believe that if the Plan is not confirmed, the Debtors may be required to convert the Chapter 11 Cases to chapter 7. In this event, Holders of all Claims (other than the Lenders) will likely receive no recovery on account of their Claims.**

A. *General Administrative Claims.* On the later to occur of (i) 90 days after the Effective Date and (ii) the date on which such Claim shall become an Allowed Claim, Reorganized Teligent shall either (a) pay to each Holder of an Allowed General Administrative Claim a Pro Rata distribution based on the amount of available cash in the Claim Fund, after the establishment of an appropriate reserve (from the Claim Fund) for Disputed Claims, and thereafter make periodic cash payments as set forth in the next sentence, or (b) satisfy and discharge such General Administrative Claim in accordance with such other terms as may be agreed upon by and between the Holder thereof and Reorganized Teligent (acting with consent of the Agent). As often as reasonably practicable thereafter, in the sole discretion of Reorganized Teligent, after the establishment or maintenance of an appropriate reserve (from the Claim Fund) for Disputed Claims, Reorganized Teligent shall make additional periodic cash distributions to Holders of Allowed General Administrative Claims on a Pro Rata basis until the earlier of the date that (i) such Claims are paid in full and (ii) the Claim Fund has been exhausted. **The failure to object to confirmation of this Plan by a Holder of a General Administrative Claim prior to any deadline set by the Bankruptcy Court shall be deemed to be such Holder's consent and agreement to receive treatment for such Claim that is different from that set forth in 11 U.S.C. § 1129(a)(9).**

B. *Prepetition Lender Superiority Administrative Claims.* On account of the Prepetition Lender Superpriority Administrative Claims all of which Claims are Allowed pursuant to the Plan and the Prepetition Lender Secured Claims all of which Claims are Allowed pursuant to the Plan, the Prepetition Lenders shall receive and retain the Bank Distribution.

C. *Priority Tax Claims.* On the later to occur of (i) 90 days after the Effective Date and (ii) the date on which such Claim shall become an Allowed Claim, Reorganized Teligent shall either (a) pay to each Holder of an Allowed Priority Tax Claim a Pro Rata distribution based on the amount of available cash in the Claim Fund, after the establishment of an appropriate reserve (from the Claim Fund) for Disputed Claims, and thereafter make periodic cash payments as set forth in the next sentence, or (b) satisfy and discharge such Allowed Priority Tax Claim in accordance with such other terms as may be agreed upon by and between the Holder thereof and Reorganized Teligent (acting with the consent of the Agent). As often as reasonably practicable thereafter, in the sole discretion of Reorganized Teligent, after the establishment or maintenance of an appropriate reserve (from the Claim Fund) for Disputed Claims, Reorganized Teligent shall make additional periodic cash distributions to Holders of Allowed Priority Tax Claims until the earlier of the date that (1) such Claims are paid in full and (2) the Claim Fund has been exhausted. **The failure to object to confirmation prior to any deadline set by the Bankruptcy Court of this**

**Plan by a Holder of a Priority Tax Claim shall be deemed to be such Holder's consent and agreement to receive treatment for such Claim that is different from that set forth in 11 U.S.C. § 1129(a)(9).**

*D. Paid Administrative Claims:* Except as otherwise set forth herein, all payments made on account of Administrative Claims prior to the Effective Date shall be final and not subject to disgorgement.

### ARTICLE III CLASSIFICATION AND TREATMENT OF CLASSIFIED CLAIMS AND EQUITY INTERESTS

**The Debtors believe that if the Plan is not confirmed, the Debtors may be required to convert the Chapter 11 Cases to chapter 7. In this event, Holders of all Claims (other than the Lenders) will likely receive no recovery on account of their Claims.**

*A. Summary.* The categories of Claims and Equity Interests listed below classify Claims and Equity Interests for all purposes, including, voting, confirmation and distribution pursuant to the Plan and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or Equity Interest shall be deemed classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that any remainder of such Claim or Equity Interest qualifies within the description of such different Class. A Claim or Equity Interest is in a particular Class only to the extent that such Claim or Equity Interest is Allowed in that Class and has not been paid or otherwise settled prior to the Effective Date.

Class	Status
Class 1 - Other Priority Claims	Unimpaired - not entitled to vote
Class 2 - Other Secured Claims	Unimpaired - not entitled to vote
Class 3 - Prepetition Lender Secured Claims	Impaired - entitled to vote
Class 4 - General Unsecured Claims	Impaired - deemed to reject the Plan and, therefore, not entitled to vote
Class 5 - Old Equity Interests	Impaired - deemed to reject the Plan and, therefore, not entitled to vote

*B. Classification and Treatment.*

*1. Class 1 - Other Priority Claims.*

(a) Classification: Class 1 consists of all Other Priority Claims.

(b) Treatment: On the later to occur of: (a) 90 days after the Effective Date and (b) the date on which such Claim shall become an Allowed Claim, Reorganized Teligent shall either (i) pay to each Holder of an Allowed Other Priority Claim a Pro Rata distribution based on the amount of cash in the Claim Fund, after the establishment of an appropriate reserve (from the Claim Fund) for Disputed Claims, and thereafter make periodic cash payments as set forth in the next sentence, or (ii) satisfy and discharge such Allowed Other Priority Claim in accordance with such other terms as may be agreed upon by and between the Holder thereof and Reorganized Teligent (acting with the consent of the Agent). As often as reasonably practicable thereafter, in the sole discretion of Reorganized Teligent, after the establishment or maintenance of an appropriate reserve (from the Claim Fund) for Disputed Claims, Reorganized Teligent shall make additional periodic cash distributions to Holders of Allowed Other Priority Claims until the earlier of the date that (a) such Claims are paid in full and (b) the Claim Fund has been exhausted.

(c) Voting. Class 1 is unimpaired. Holders of Other Priority Claims in Class 1 are deemed to accept the Plan, and are not therefore entitled to vote to accept or reject the Plan. **The failure to object to confirmation of this Plan by a Holder of an Other Priority Claim prior to any deadline set by the Bankruptcy**

**Court shall be deemed to be such Holder's consent and agreement to receive treatment for such Claim that is different from that set forth in 11 U.S.C. § 1129(a)(9).**

2. *Class 2 - Other Secured Claims.*

(a) Classification: Class 2 consists of all Other Secured Claims.

(b) Treatment: Each Holder, if any, of an Allowed Other Secured Claim will (i) be paid a Pro Rata distribution of such Claim in cash from the Claim Fund as soon as practicable after the Effective Date, (ii) be paid the sale or disposition proceeds (from the Claim Fund) of the property securing such Allowed Other Secured Claim to the extent of the value of the Debtors' interest in such property or (iii) have such Allowed Other Secured Claim satisfied by delivering the collateral securing such Claim. The election of the treatment for each such Holder will be made by Reorganized Teligent (acting with the consent of the Agent).

(c) Voting: Class 2 is unimpaired. Holders of Other Secured Claims in Class 2 are deemed to accept the Plan, and therefore are not entitled to vote to accept or reject the Plan. **The failure to object to confirmation of this Plan by a Holder of an Other Secured Claim prior to any deadline set by the Bankruptcy Court shall be deemed to be such Holder's consent and agreement to receive treatment for such Claim that is different from that set forth under the Bankruptcy Code.**

3. *Class 3 - Prepetition Lender Secured Claims.*

(a) Classification: This Class will consist of the Prepetition Lender Secured Claims.

(b) Treatment: The Lenders shall receive the Bank Distribution on account of the Prepetition Lender Secured Claims and the Prepetition Lender Superpriority Administrative Claims. The Lenders shall retain any payments made after the Petition Date on account of the Postpetition Loans. Each Holder of a Prepetition Lender Secured Claim or a Prepetition Lender Superpriority Administrative Claim shall on the Effective Date automatically, regardless of whether such Lender votes to accept or reject the Plan or executes the Stockholders Agreement, become a party to the Stockholders Agreement, unless such Holder votes to reject the Plan and declines to accept the shares of New Teligent Common Stock to which such Holder would otherwise be entitled.

(c) Voting: Class 3 is impaired. Holders of Claims in Class 3 are entitled to vote to accept or reject the Plan.

4. *Class 4 - General Unsecured Claims.*

(a) Classification: This Class will consist of all claims other than General Administrative Claims, Professional Fee Claims, Prepetition Lender Superpriority Administrative Claims, Priority Tax Claims, Other Priority Claims, Other Secured Claims or Prepetition Lender Secured Claims. The Unsecured Claims of the Prepetition Lenders will be fixed and Allowed at \$600,000,000.

(b) Treatment: On the Effective Date, the Chapter 5 Causes of Action and the Unsecured Claim Fund will be transferred to the Unsecured Claims Estate Representative. Any proceeds from the Chapter 5 Causes of Action will be used first to reimburse Reorganized Teligent for the Unsecured Claim Fund. Any remaining proceeds will be distributed Pro Rata to holders of Allowed Class 4 Claims. In consideration for the Creditors' Committee support of the Plan, the Lenders have made this portion of their recovery available to Holders of Allowed Unsecured Claims.

(c) Voting: Class 4 is impaired. Because Holders of Claims in Class 4 will be deemed to receive no distribution under the Plan, the Class will be deemed to have voted to reject the Plan.

5. *Class 5 - Old Equity Interests.*

(a) Classification: Class 5 includes all Old Equity Interests.

(b) Treatment: Holders shall not retain or receive any property under the Plan. All such Old Equity Interests will be canceled and extinguished.

(c) Voting: Class 5 is impaired. Because Holders of Old Equity Interests in Class 5 will receive no distribution under the Plan, Class 5 will be deemed to have voted to reject the Plan.

#### **ARTICLE IV ACCEPTANCE OR REJECTION OF THE PLAN**

*A. Voting Class.* Each Holder of an Allowed Claim in Class 3 shall be entitled to vote to accept or reject the Plan.

*B. Acceptance by Impaired Classes of Claims.* Class 3 shall have accepted the Plan if (1) the Holders (other than any Holder designated under section 1126(e) of the Bankruptcy Code) of at least two-thirds in amount of the Allowed Claims actually voting in such class have voted to accept the Plan and (2) more than one-half in number of the Holders (other than any Holder designated under section 1126(c) of the Bankruptcy Code) of such Allowed Claims actually voting in such class have voted to accept the Plan.

*C. Presumed Acceptance of Plan.* Classes 1 and 2 are deemed unimpaired under the Plan, and therefore, are deemed to accept the Plan under section 1126(f) of the Bankruptcy Code.

*D. Presumed Rejection of Plan.* Classes 4 and 5 will not receive or retain any distribution under the Plan, and therefore, are deemed to reject the Plan under section 1126(g) of the Bankruptcy Code.

*E. Nonconsensual Confirmation.* The Debtors will request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code with respect to Classes 4 and 5. In the event that Holders of Claims in Class 3 fail to accept the Plan, the Debtors reserve the right, with the Agent's consent, to modify the Plan.

#### **ARTICLE V TREATMENT OF DISPUTED CLAIMS**

*A. Objections to and Estimation of Claims; Prosecution of Disputed Claims.* Reorganized Teligent will be authorized and empowered to resolve consensually (and without the need for Bankruptcy Court approval) any disputes regarding the amount of any General Administrative Claim, Priority Claim, or Other Secured Claim. Nevertheless, Reorganized Teligent may, with the Agent's consent, file with the Bankruptcy Court (or any other court of competent jurisdiction) an objection to the allowance of any General Administrative Claim, Priority Claim or Other Secured Claim, or any other appropriate motion or adversary proceeding with respect thereto. In addition, Reorganized Teligent may, at any time, request that the Bankruptcy Court estimate any Contingent General Administrative, Priority or Other Secured Claim under section 502(c) of the Bankruptcy Code, regardless of whether a Debtor has previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any Contingent Claim, that estimated amount will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, Reorganized Teligent may elect to pursue any supplemental proceedings to object to any ultimate payment on such Claim. All of the aforementioned Claims objection, estimation and resolution procedures are cumulative and are not necessarily exclusive of one another. General Administrative, Priority or Other Secured Claims may be estimated and thereafter resolved by any permitted mechanism. The Unsecured Claim Estate Representative shall have the same rights and powers with respect to the Unsecured Claims, which rights shall be exclusively vested in the Unsecured Claim Estate Representative.



*B. Reserve for Disputed Claims.* Reorganized Teligent shall reserve in the Claim Fund for the benefit of each holder of a Disputed General Administrative, Priority, or Other Secured Claim cash in an amount equal to the distributions that would have been made to the Holder of such Disputed Claim under the Plan if it were an Allowed Claim in an amount equal to the greater of (i) the amount listed in the Debtors' schedules, (ii) the amount set forth in a proof of claim filed with the Bankruptcy Court or (iii) the amount as estimated by the Bankruptcy Court under section 502(c) of the Bankruptcy Code. Such amount so reserved shall constitute the maximum amount of distribution to which a holder of a Disputed General Administrative, Priority or Other Secured Claim may ultimately become entitled.

*C. Payments and Distributions on Disputed Claims.* Notwithstanding any other provision in the Plan, no distributions will be made with respect to a Disputed Claim until the resolution of such dispute by settlement or Final Order. As soon as practicable after a Disputed Claim becomes an Allowed Claim, the Holder of such Allowed Claim will receive all distributions to which such Holder is then entitled under the Plan, any Person who holds both an Allowed Claim and a Disputed Claim will receive the appropriate distribution on the Allowed Claim, although no distribution will be made on the Disputed Claim until such dispute is resolved by settlement or Final Order.

*D. Bar Date for Professional Claims.* Persons requesting compensation or reimbursement of expenses pursuant to section 328 or 330 of the Bankruptcy Code for services rendered before the Confirmation Date shall file with the Bankruptcy Court and serve on Reorganized Teligent and the Agent and the U.S. Trustee an application for final allowance of compensation and reimbursement of expenses no later than 60 days after the Effective Date; provided, however, that any professional or other Person that fails to file and serve a timely application for final allowance of compensation and reimbursement of expenses shall be forever barred from asserting such Claims against the Debtors or Reorganized Teligent, who shall be discharged from such Claims and shall not be obligated to pay such Claims; provided further, that any professional employed by Reorganized Teligent may receive compensation and reimbursement of expenses for services rendered after the Confirmation Date, without an order of the Bankruptcy Court.

*E. Disallowance of Claims.* All Claims held by Entities against whom the Debtors have or may have asserted a cause of action under sections 542, 543, 550, 551 or 552 of the Bankruptcy Code, or that is a transferee of a transfer avoidable under sections 544, 545, 547, 548, 549 or 553 of the Bankruptcy Code, shall be deemed disallowed pursuant to section 502(d) of the Bankruptcy Code, and Holders of such Claims may not vote to accept or reject the Plan, both consequences to be in effect until such time as such causes of action against that Entity have been settled or a Final Order entered and all sums due the Debtors by that Entity are turned over pursuant to the Plan.

## **ARTICLE VI PLAN IMPLEMENTATION**

The Debtors will emerge from chapter 11 as Reorganized Teligent. All of the Property of the Debtors (including operating assets of the fixed wireless and resale business, licenses, certifications, cash (including \$10 million currently being held by the Agent for the purpose of funding Reorganized Teligent), intangible assets, litigation claims (other than Chapter 5 Causes of Action), receivables and other assets) other than the Claim Fund, the Chapter 5 Causes of Action and the Unsecured Claim Fund will be vested in and become property of Reorganized Teligent.

*A. Substantive Consolidation.* The Plan contemplates and is predicated upon the substantive consolidation of the estates of the Debtors into a single entity for purposes of confirmation, consummation and Plan implementation. Accordingly, the Confirmation Order shall provide that on the Effective Date, except for Reorganized Teligent, (i) each of the Debtors will be deemed to have dissolved or otherwise terminated its existence following the Effective Date; (ii) all inter-Debtor Claims by and among the Debtors will be released and waived; (iii) all assets and all proceeds thereof and all liabilities, of any and all of the Debtors, will be merged or created as though they were the assets or liabilities jointly of all Debtors; (iv) any obligation of any of the Debtors and all guarantees thereof executed by any of the Debtors will be deemed to be a single obligation of the Debtors; (v) any Claims filed or to be filed in connection with any such obligation and any such guarantees will be deemed one Claim against the Debtors; and (vi) every Claim filed or to be filed in the individual Chapter 11 Case of any of the Debtors will be deemed one

Claim filed against the Debtors. Notwithstanding the foregoing, the Debtors' rights of recovery against any Person other than a Debtor with respect to any assets and the rights of any party with a security interest in the Debtors' property shall not be prejudiced by such consolidation.

*B. Distributions Under the Plan.*

1. *Reorganized Teligent.* Reorganized Teligent shall make all distributions to holders of Allowed General Administrative Claims, Professional Fee Claims, Priority Claims, Other Secured Claims, Prepetition Lender Superpriority Administrative Claims and Prepetition Lender Secured Claims provided for in the Plan in the manner set forth herein.

2. *Unsecured Claim Estate Representative:* The Unsecured Claim Estate Representative shall make distributions to Holders of Allowed Unsecured Claims in the manner set forth herein.

3. *Transfer to Reorganized Teligent.* On the Effective Date, all of the Debtors' Property shall vest with Reorganized Teligent free and clear of all Claims and Equity Interests of Creditors and other Persons, except for the rights to distribution afforded to such Creditors under the Plan. In consideration of these transfers, Reorganized Teligent shall make the distributions required under the Plan in accordance with the Plan's terms. The total recovery for all Holders of General Administrative Claims, Priority Tax Claim, Other Priority Claim and Other Secured Claims shall be limited to distributions from the Claim Fund pursuant to the terms of the Plan. After the Effective Date, Reorganized Teligent shall have no liability to Holders of Claims or Equity Interest other than as provided for in the Plan.

4. *Investments.* Cash held by Reorganized Teligent in any Fund shall be maintained in United States dollars or shall be invested by Reorganized Teligent in (i) direct obligations of, or obligations guaranteed by, the United States of America, (ii) obligations of any agency or corporation which is or may hereafter be created by or pursuant to an act of Congress of the United States of America as an agency or instrumentality thereof, or (iii) such other obligations or instruments as may from time to time be permitted under section 345 of the Bankruptcy Code or as may have been authorized by an order of the Court; provided, that, Reorganized Teligent may, to the extent necessary to implement the provisions of the Plan, deposit moneys in demand deposits at any banking institution or trust having combined capital stock and surplus in excess of \$100,000,000.00 based upon its most recently available audited financial statements, regardless of whether such investments and deposits are insured. Such investments shall mature in such amounts and at such times as Reorganized Teligent shall deem appropriate to provide funds when needed to transfer funds or make distributions under the Plan.

5. *Setoffs.* Reorganized Teligent may, but shall not be required to, set off against any General Administrative, Priority or Other Secured Claim, and the payments to be made under the Plan in respect of such Claim, any claims of any nature whatsoever the Debtor may have against the Holder thereof, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release of any such claim Reorganized Teligent or the Debtors may have against any such Person.

6. *Cancellation of Notes, Instruments, Debentures and Equity Securities.* On the Effective Date, except to the extent provided otherwise in the Plan, all notes, instruments, debentures, certificates and other documents evidencing Claims and all Equity Interests in any of the Debtors shall be canceled and deemed terminated and surrendered (regardless of whether such notes, instruments, debentures, certificates or other documents are in fact surrendered for a cancellation to the appropriate indenture trustee or other such person), except for purposes of distribution in accordance with the terms of this Plan. On the Effective Date, any indentures to which any Debtor is a party shall be deemed canceled as permitted by section 1123(a)(5) of the Bankruptcy Code. Notwithstanding the termination of any indenture and any notes issued under any such indenture, the provisions of such indenture, including those provisions relating to distributions and the indenture trustee's rights to payment shall not be affected by the Confirmation of the Plan, other than as specifically set forth in the Plan.

*C. Cooperation.* For a period of 12 months after the Effective Date, Reorganized Teligent will provide reasonable cooperation to the Unsecured Claims Estate Representative in respect of the investigation and prosecution of the Chapter 5 Causes of Action. In this regard, Reorganized Teligent will make relevant documents and personnel available, to the extent Reorganized Teligent has the ability to do so, for such period. Reorganized

Teligent will not be responsible for any costs or expenses incurred by the Unsecured Claims Estate Representative in respect of evaluating, prosecuting or settling any of the Chapter 5 Causes of Action. To the extent Reorganized Teligent incurs costs or expenses as a result of such cooperation, such reasonable costs and expenses will be reimbursed by the Unsecured Claims Estate Representative.

*D. Business Day.* If any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

*E. Timing.* Wherever the Plan provides that a payment or distribution shall occur "on" any date, it shall mean "on, or as soon as practicable after" such date.

*F. Manner of Payment.* Any payment made under the Plan by Reorganized Teligent may be made either by check or by wire transfer, unless otherwise agreed to by the Agent.

*G. Effectiveness of Documents.* From and after the Effective Date, all agreements entered into under the Plan and all other obligations imposed under the Plan shall be valid, binding and in full force and effect, and shall be fully enforceable in accordance with their terms.

*H. Winding Up Affairs.* On and after the Effective Date, Reorganized Teligent may take actions as set forth in the Plan without supervision or Bankruptcy Court approval and free of all restrictions of the Bankruptcy Code or the Bankruptcy Rules, other than any restrictions expressly imposed by the Plan or the Confirmation Order. Without limiting the foregoing, Reorganized Teligent may pay charges incurred after the Confirmation Date for professional fees that, but for the occurrence of the Confirmation Date, would constitute Professional Fee Claims, without application to the Bankruptcy Court.

*I. Corporate Action.*

*1. New Teligent Charter and New Teligent Bylaws.* On the Effective Date or as soon thereafter as is practicable, Reorganized Teligent shall file with the Secretary of State of the State of Delaware, in accordance with the applicable corporation laws of such state, the New Teligent Charter and such New Teligent Charter shall be the charter for Reorganized Teligent. The New Teligent Charter shall provide, among other things, for (a) the authorization of the New Teligent Common Stock, (b) to the fullest extent permitted by the corporate law of Delaware, a limitation on the personal liability of directors to Reorganized Teligent or its stockholders for monetary damage for breach of fiduciary duty as a director, (c) actions of Reorganized Teligent which require consent of the stockholders or the Stockholder Committee (or the Chair of the Stockholder Committee), as the case may be, pursuant to the Stockholders Agreement, and (d) a prohibition on the issuance of nonvoting equity securities to the extent required by section 1123(a)(6) of the Bankruptcy Code. The New Teligent Bylaws shall provide, among other things, that the Board of Directors shall initially consist of three members, and on the Effective Date, the New Teligent Bylaws shall become the bylaws of Reorganized Teligent.

*2. Board of Directors.* On the Effective Date, the operation of Reorganized Teligent shall become the general responsibility of their Boards of Directors, subject to, and in accordance with, the New Teligent Charter, the New Teligent Bylaws and the Stockholders Agreement. The initial Board of Directors for Reorganized Teligent shall consist of the individuals identified at or prior to the hearing to consider confirmation of the Plan. Such directors shall be deemed elected or appointed, as the case may be, pursuant to the Confirmation Order, but shall not take office and shall not be deemed to be elected or appointed until the occurrence of the Effective Date. Those directors and officers not continuing in office shall be deemed removed therefrom as of the Effective Date pursuant to the Confirmation Order.

*3. Stockholders Agreement.* On the Effective Date, Reorganized Teligent and the Lenders as holders of the New Teligent Common Stock shall become parties to and bound by the Stockholders Agreement. The Stockholders Agreement shall provide, among other things, for (a) actions which require consent of the stockholders or the Stockholders Committee (or the Chair), as the case may be, (b) indemnification by Reorganized Teligent and the stockholders of each member of the Stockholder Committee, subject to limitation on indemnification for gross

negligence and willful misconduct, and exculpation of liability of Stockholder Committee members to other stockholders or Reorganized Teligent other than for gross negligence or willful misconduct, (c) reimbursement of expenses of members of the Stockholder Committee or their advisors by Reorganized Teligent (members of the Stockholders Committee shall initially receive no compensation from Reorganized Teligent for serving on the Stockholder Committee), and (d) restrictions on the transfer by sale, assignment or otherwise of New Teligent Common Stock by holders thereof, unless the transferee signs the Stockholders Agreement.

4. *Authorization of Corporate Action.* Subject to the terms of the New Teligent Charter, the New Teligent Bylaws for Reorganized Teligent and the Stockholders Agreement, the occurrence of the Effective Date shall constitute authorization for the Debtors or Reorganized Teligent to take or cause to be taken any corporate action necessary or appropriate before or after the Effective Date for the effectuation of the Plan, including, all steps necessary, if any, for Reorganized Teligent to issue the New Teligent Common Stock and to file tax returns or to terminate the Debtors' corporate existence. All such actions shall be deemed to have been approved by the Bankruptcy Court, and all such actions and the other matters provided for under the Plan involving corporate action to be taken by or required of a Debtor will occur and be effective as provided in the Plan, and will be authorized and approved in all respects and for all purposes without any requirement of further action by any stockholders, voting trustees or directors of any of the Debtors.

J. *Compromise of Controversies.* Pursuant to Bankruptcy Rule 9019, and in consideration for the classification, distribution and other benefits provided by the Lenders under the Plan, the provisions of this Plan, including without limitation the distributions to be made to Holders of Allowed General Unsecured Claims, General Administrative Claims, Priority Claims, and Other Secured Claims pursuant to Section III.B.4 of this Plan, shall constitute a good faith compromise and settlement of all Claims and controversies resolved pursuant to the Plan. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of each of the foregoing compromises or settlements, and all other compromises and settlements provided for in the Plan, and the Bankruptcy Court's findings shall constitute its determination that such compromises and settlements are in the best interests of the Debtors, the estates, the creditors and other parties in interest, and are fair, equitable and within the range of reasonableness.

K. *Insurance Preservation.* Nothing in this Plan, including any releases, shall diminish or impair the enforceability of any Insurance Policies that may cover Claims against the Debtors or any other Person.

## **ARTICLE VII EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

A. *Rejection of Executory Contracts and Unexpired Leases.* Except as otherwise set forth herein, on the Confirmation Date, all executory contracts or unexpired leases of the Debtors will be deemed rejected in accordance with sections 365 and 1123 of the Bankruptcy Code, except those executory contracts and unexpired leases that (i) have been assumed by order of the Bankruptcy Court, (ii) are the subject of a motion to assume pending on the Effective Date, (iii) are identified on a list to be filed with the Bankruptcy Court on or before the Confirmation Date, or (iv) are assumed under the Plan. Entry of the Confirmation Order by the clerk of the Bankruptcy Court shall constitute approval of such rejections pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Reorganized Teligent will have 150 days from the Confirmation Date to assume or reject any remaining executory contracts or unexpired leases not previously assumed or rejected as of the Confirmation Date.

B. *Benefit Plans.* On the Confirmation Date, all benefit plans of the Debtors for any of their employees set forth in the Plan Supplement shall be deemed terminated.

**ARTICLE VIII**  
**CONDITIONS PRECEDENT TO CONFIRMATION**  
**AND EFFECTIVE DATE OF THE PLAN**

*A. Conditions Precedent to Confirmation Date of the Plan.* The occurrence of the Confirmation Date shall be subject to satisfaction of the following conditions precedent:

1. The entry of the Confirmation Order in form and substance satisfactory to the Debtors and the Agent.

2. The Holders of all General Administrative Claims, Priority Claims and Other Secured Claims have consented to or have been deemed to consent to the treatment set forth in Article IV of the Plan, including without limitation, their potential receipt of less than the full amount to which they would otherwise be entitled under the Bankruptcy Code.

3. Class 3 shall have voted to accept the Plan.

*B. Conditions Precedent to Effective Date of the Plan.* The occurrence of the Effective Date and the substantial consummation of the Plan are subject to satisfaction of the following conditions precedent:

1. *Confirmation Order:* The Confirmation Order shall be in full force and effect and shall not be subject to appeal, reconsideration, modification, or stay, or a motion, pleading, or other filing seeking an appeal, reconsideration, modification, or stay.

2. *Execution of Documents; Other Actions:* All other actions and documents necessary to implement the Plan, including as set forth in the Plan Supplement, shall have been effected or executed.

3. *Funds:* The Professional Fee Reserve Fund, the Claim Fund and the Unsecured Claim Fund shall be funded.

4. *Regulatory Approvals:* All federal, state and local regulatory approvals necessary to implement the Plan shall have been received.

5. *Budget:* An initial budget for the four-month period after the Effective Date for Reorganized Teligent shall have been accepted by the Agent.

6. *Date:* The Effective Date shall not occur later than July 15, 2002.

*C. Waiver of Conditions Precedent:* To the extent legally permissible, each of the conditions precedent in this Article may be waived, in whole or in part, by the Debtors, with the consent of the Agent. Any such waiver of a condition precedent may be effected at any time, without notice or leave or order of the Bankruptcy Court and without any formal action other than proceeding as if such condition did not exist.

**ARTICLE IX**  
**PLAN MODIFICATION**

The Debtors may alter, amend, or modify the Plan under section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 at any time before the Confirmation Date, with the Agent's consent, without an additional vote if the Bankruptcy Court finds, after notice and a hearing, that the proposed modification does not adversely change the treatment of any Class 3 Claim of any Person who has not accepted the modification in writing. After the Confirmation Date and before substantial consummation of the Plan, the Debtors have the right under section 1127 of the Bankruptcy Code, to amend or modify the Plan in accordance with the Bankruptcy Code, if circumstances warrant amendment or modification and if, after notice and hearing, to the extent necessary, the Bankruptcy Court confirms the Plan as amended or modified.

**ARTICLE X  
RETENTION OF JURISDICTION**

The Bankruptcy Court will retain and have exclusive jurisdiction over the Chapter 11 Cases for the following purposes:

1. to determine objections to the allowance of Claims;
2. to determine motions to estimate Claims at any time, regardless of whether the Claim to be estimated is the subject of a pending objection, a pending appeal, or otherwise;
3. to determine motions to subordinate Claims at any time and on any basis permitted by applicable law;
4. to determine applications for the rejection or assumption of executory contracts or unexpired leases to which the Debtors are a party or with respect to which any Debtor may be liable, and to hear and determine, and if need be to liquidate, any and all Claims arising therefrom;
5. to determine applications, adversary proceedings and contested or litigated matters and all Chapter 5 Causes of Action, whether pending on the Effective Date or commenced thereafter;
6. to consider any Plan modifications, to cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court;
7. to determine all controversies, suits and disputes that may arise in connection with the interpretation or consummation of the Plan or the documents filed pursuant to the Plan Supplement or Reorganized Teligent's obligations under the Plan;
8. to issue orders in aid of execution of the Plan to the extent authorized by section 1142 of the Bankruptcy Code;
9. to determine such other matters as may be set forth in the Confirmation Order or as may arise in connection with the Plan, the documents filed pursuant to the Plan Supplement or the Confirmation Order;
10. to determine any and all applications for allowance of compensation and reimbursement of expenses and any other fees and expenses authorized to be paid or reimbursed under the Bankruptcy Code or the Plan;
11. to enforce creditors' rights to payments and to the delivery of money or other Property to which holders of Allowed Claims may be entitled under the Plan;
12. to determine any matter or dispute in connection with the Funds;
13. to issue injunctions, enter and implement other orders to take such other actions as may be necessary or appropriate to restrain interference by any Person with consummation, implementation or enforcement of the Plan, the documents filed pursuant to the Plan Supplement or the Confirmation Order; and
14. to enter a final decree closing the Chapter 11 Cases.

**ARTICLE XI  
RELEASES AND INJUNCTION**

*A. Subordination.* The classification and manner of satisfying all Claims and Equity Interests and the respective distributions and treatments hereunder take into account and/or conform to the relative priority and rights

of the Claims and Equity Interests in each Class in connection with any contractual, legal and equitable subordination rights relating thereto whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code or otherwise, and any and all such rights are settled, compromised and released pursuant hereto. The Confirmation Order shall permanently enjoin, effective as of the Effective Date, all Persons from enforcing or attempting to enforce any such contractual, legal and equitable subordination rights satisfied, compromised and settled in this manner.

*B. Limited Releases by Debtors.* Except as otherwise specifically provided herein, for good and valuable consideration, including in the case of the Lenders, the funding of the Chapter 11 Cases pursuant to the Cash Collateral Order, the funding to be provided by the Lenders under the Plan, and the obligations and undertakings of the Lenders set forth in the Plan; and in the case of the D&O Releasees and the Committee Releasees, the service of the D&O Releasees and the Committee Releasees to facilitate the expeditious reorganization of the Debtors and the implementation of the restructuring contemplated by the Plan, the D&O Releasees, the Bank Releasees and the Committee Releasees, on and after the Effective Date, are released by the Debtors and Reorganized Teligent from any and all Claims (as defined in section 101(5) of the Bankruptcy Code), obligations, rights, suits, damages, causes of action, remedies and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, that any Debtor or the subsidiary of any Debtor, or any person claiming derivatively through or on behalf of any Debtor or any such subsidiary would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or Equity Interest or other Person, based in whole or in part upon any act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date.

*C. Limited Releases by Holders of Claims.* On and after the Effective Date, except as otherwise specifically provided herein, for good and valuable consideration, including in the case of the Lenders, the funding of the Chapter 11 Cases pursuant to the Cash Collateral Order, the funding to be provided by the Lenders under the Plan, and the obligations and undertakings of the Lenders set forth in the Plan; and in the case of the D&O Releasees and the Committee Releasees, the service of the D&O Releasees and the Committee Releasees to facilitate the expeditious reorganization of the Debtors and the implementation of the restructuring contemplated by the Plan, each Holder of a Claim (a) who has accepted or is deemed to accept the Plan or (b) who may be entitled to receive a distribution of property in connection with the Plan (in each case regardless of whether a proof of claim was filed, whether or not Allowed and whether or not the Holder of such claim has voted on the Plan) shall be deemed to have unconditionally released the D&O Releasees, the Bank Releasees and the Committee Releasees from any and all Claims (as defined in section 101(5) of the Bankruptcy Code), obligations, rights, suits, damages, causes of action, remedies and liabilities whatsoever, including any derivative claims on behalf of Debtor, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, that such Person would have been legally entitled to assert (whether individually or collectively), based in whole or in part upon any act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date in any way relating or pertaining to (w) the purchase or sale, or the rescission of a purchase or sale, of any security of Debtor, (x) the Debtor or Reorganized Teligent, (y) the Chapter 11 Cases, or (z) the negotiation, formulation and preparation of the Plan, or any related agreements, instruments or other documents; except that nothing herein shall be deemed a release of any claims or causes of action held by the Lenders with respect to or arising as a result of, loans made under the Prepetition Credit Agreement after October 1, 2000.

*D. Injunction.* As of the Confirmation Date, except as provided in the Plan or the Confirmation Order, all Persons that have held, currently hold or may hold a Claim or other debt or liability, or Equity Interest that is addressed in the Plan are permanently enjoined from taking any of the following actions on account of any such Claims, debts, interests or liabilities, other than actions brought to enforce any rights or obligations under the Plan: (i) commencing or continuing in any manner any action or other proceeding against the Debtors, Reorganized Teligent, the Releasees or their respective properties; (ii) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order against the Debtors, Reorganized Teligent, the Releasees or their respective properties; (iii) creating, perfecting or enforcing any lien or encumbrance against the Debtors, Reorganized Teligent, the Releasees or their respective properties; (iv) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to the Debtors, Reorganized Teligent, the Releasees or their respective properties, and (v) commencing or continuing, in any manner or any place, any action that does not comply with or is inconsistent with the provisions of the Plan or the Confirmation Order.

## ARTICLE XII MISCELLANEOUS PROVISIONS

*A. Title to Assets.* Except as otherwise provided by the Plan, on the Effective Date, title to all Property shall vest in Reorganized Teligent free and clear of all claims, security interests, liens and equity interests in accordance with section 1141 of the Bankruptcy Code.

*B. Payment of Statutory Fees.* All fees payable under 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the hearing under section 1128 of the Bankruptcy Code, shall be paid on or before the Effective Date.

*C. No Transfer Taxes.* Pursuant to section 1146 of the Bankruptcy Code, the issuance, transfer or exchange of any security under the Plan, or the making or delivery of an instrument to transfer under the Plan, may not be taxed under any law imposing a stamp or similar tax.

*D. Section 1145 Exemption:* To the maximum extent provided by section 1145 of the Bankruptcy Code and applicable nonbankruptcy laws, the issuance of the New Teligent Common Stock shall be exempt from registration under the Securities Act of 1933, as amended.

*E. Exculpation.* The Debtor, Reorganized Teligent, the D&O Releasees, the Bank Releasees and the Creditors Committee Releasees, and their members and professionals (acting in such capacity) shall neither have nor incur any liability to any Person for any act taken or omitted to be taken in connection with or related to the formulation, preparation, dissemination, implementation, administration, Confirmation or Consummation of the Plan, the Disclosure Statement or any contract, instrument, release or other agreement or document created or entered into in connection with the Plan, or any act taken or omitted to be taken in connection with, in contemplation of, during or in any way related to the Chapter 11 Cases.

*F. Committee.* The Creditors' Committee shall be dissolved on the Effective Date. On such date, its members, professionals and agents shall be deemed released of their duties and obligations, and shall be without further duties or authority in connection with the Debtors, the Chapter 11 Cases, the Plan or its implementation.

*G. Headings.* Headings are used in the Plan for convenience and reference only, and shall not constitute a part of the Plan for any other purpose.

*H. Binding Effect.* The Plan shall be binding upon and inures to the benefit of the Debtors, Reorganized Teligent, the holders of Claims and Equity Interests, and their respective successors and assigns.

*I. Plan Controls.* To the extent the Plan is inconsistent with the Disclosure Statement, the provisions of the Plan shall be controlling.

*J. Revocation or Withdrawal.*

*1. Right to Revoke.* The Debtors reserve the right to revoke or withdraw the Plan prior to the Effective Date, with the Agent's consent.

*2. Effect of Withdrawal or Revocation.* If the Debtors revoke or withdraw the Plan prior to the Effective Date, or if the Effective Date does not occur, then the Plan shall be deemed null and void. In such event, nothing contained herein shall be deemed to constitute a waiver or release of any claims by or against the Debtors or any other Person or to prejudice in any manner the rights of the Debtors or any Person in any further proceedings involving the Debtors.

*K. Substantial Consummation.* On the Effective Date, the Plan shall be deemed to be substantially consummated under 11 U.S.C. §§ 1101 and 1127(b).



*L. Notices.* Any notice required or permitted to be provided under the Plan or Disclosure Statement shall be in writing and served by either (1) certified mail, return receipt requested, postage prepaid, (2) hand delivery, or (3) reputable overnight delivery service, delivery prepaid, to be addressed as follows:

1. If to the Debtors:

Teligent, Inc.  
460-Herndon Parkway  
Suite 100  
Herndon, VA 20170  
Attn: Jim Continenza  
Stuart Kupinsky

with a copy to:

Kirkland & Ellis  
153 East 53rd Street  
New York, New York 10022  
Attn: James H.M. Sprayregen, P.C.

Kirkland & Ellis  
200 East Randolph Drive  
Chicago, Illinois 60601  
Attn: Matthew N. Kleiman  
Anup Sathy

2. If to Reorganized Teligent:

Reorganized Teligent  
460-Herndon Parkway  
Suite 100  
Herndon, VA 20170  
Attn: Jim Continenza  
Stuart Kupinsky

*M. Governing Law.* Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules), the laws of the State of New York shall govern the construction and implementation of the Plan and any agreements, documents, and instruments executed in connection with the Plan.

*N. Withholding and Reporting Requirements.* In connection with the Plan and all instruments issued in connection therewith and distributions thereon, Reorganized Teligent shall comply with any withholding and reporting requirements imposed by any federal, state, local, or foreign taxing authority and all distributions hereunder shall be subject to any such withholding and reporting requirements.

Dated: May 21, 2002

Respectfully submitted,

TELIGENT, INC.

By: /s/ James V. Continenza

TELIGENT SERVICES, INC.

By: /s/ James V. Continenza

XANDU SHELL CORP. (f/k/a AMERICAN LONG LINES,  
INC.)

By: /s/ James V. Continenza

ASSOCIATION COMMUNICATIONS, INC.

By: /s/ James V. Continenza

AUCTEL, INC.

By: /s/ James V. Continenza

BACKLINK, L.L.C.

By: /s/ James V. Continenza

WINSTON SHELL CORP. (f/k/a EASTON TELECOM  
SERVICES, INC.)

By: /s/ James V. Continenza

QUINCY SHELL CORP. (f/k/a EXECUTIVE  
CONFERENCE, INC.)

By: /s/ James V. Continenza

FIRSTMARK COMMUNICATIONS, INC.

By: /s/ James V. Continenza

SAWYER SHELL CORP. (f/k/a INFINET  
TELECOMMUNICATIONS, INC.)

By: /s/ James V. Continenza

JTEL, L.L.C.

By: /s/ James V. Continenza

KATLINK, L.L.C.

By: /s/ James V. Continenza

OMC COMMUNICATIONS, INC

By: /s/ James V. Continenza

QUADRANGLE INVESTMENTS, INC.

By: /s/ James V. Continenza

ATLANTIS II SHELL CORP. (f/k/a  
TELECOMMUNICATIONS CONCEPTS, INC.)

By: /s/ James V. Continenza

TELIGENT COMMUNICATIONS, L.L.C.

By: /s/ James V. Continenza

TELIGENT LICENSE CO. I, L.L.C.

By: /s/ James V. Continenza

TELIGENT LICENSE CO. II, L.L.C.

By: /s/ James V. Continenza

TELIGENT OF VIRGINIA, INC.

By: /s/ James V. Continenza

TELIGENT PROFESSIONAL SERVICES, INC.

By: /s/ James V. Continenza

TELIGENT TELECOMMUNICATIONS, L.L.C.

By: /s/ James V. Continenza

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Chicago, Illinois 60601  
(312) 861-2000

Attorneys for Debtors and Debtors-in-Possession

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK**

In re

Teligent, Inc., et al.,<sup>1</sup>

Debtors.

Chapter 11

Case No. 01-12974 (SMB)  
Jointly Administered

**FIRST AMENDED JOINT PLAN OF REORGANIZATION  
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

KIRKLAND & ELLIS  
Citigroup Center  
153 East 53rd Street  
New York, New York 10022  
(212) 446-4800

– and –

KIRKLAND & ELLIS  
200 East Randolph Drive  
Chicago, Illinois 60601-6636  
(312) 861-2000

**ATTORNEYS FOR DEBTORS AND  
DEBTORS-IN-POSSESSION**

Dated: May 31, 2002  
New York, New York

---

<sup>1</sup> The Debtors are the following entities: Teligent, Inc.; Teligent Services, Inc.; Xandu Shell Corp. (f/k/a American Long Lines, Inc.); Association Communications, Inc.; Auctel, Inc.; BackLink, L.L.C.; Winston Shell Corp. (f/k/a Easton Telecom Services, Inc.); Quincy Shell Corp. (f/k/a Executive Conference, Inc.); FirstMark Communications, Inc.; Sawyer Shell Corp. (f/k/a InfiNet Telecommunications, Inc.); JTel, L.L.C.; KatLink, L.L.C.; OMC Communications, Inc.; Quadrangle Investments, Inc.; Atlantis II Shell Corp. (f/k/a Telecommunications Concepts, Inc.); Teligent Communications, L.L.C.; Teligent License Co. I, L.L.C.; Teligent License Co. II, L.L.C.; Teligent of Virginia, Inc.; Teligent Professional Services, Inc.; and Teligent Telecommunications, L.L.C.

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Teligent, Inc.; Teligent Services, Inc.; Xandu Shell Corp. (f/k/a American Long Lines, Inc.); Association Communications, Inc.; Auctel, Inc.; BackLink, L.L.C.; Winston Shell Corp. (f/k/a Easton Telecom Services, Inc.); Quincy Shell Corp. (f/k/a Executive Conference, Inc.); FirstMark Communications, Inc.; Sawyer Shell Corp. (f/k/a Infinet Telecommunications, Inc.); JTel, L.L.C.; KatLink, L.L.C.; OMC Communications, Inc.; Quadrangle Investments, Inc.; Atlantis II Shell Corp. (f/k/a Telecommunications Concepts, Inc.); Teligent Communications, L.L.C.; Teligent License Co. I, L.L.C.; Teligent License Co. II, L.L.C.; Teligent of Virginia, Inc.; Teligent Professional Services, Inc.; and Teligent Telecommunications, L.L.C. jointly propose the following plan of reorganization under § 11 U.S.C. 1121(a). ALL HOLDERS OF CLAIMS AND EQUITY INTERESTS ARE URGED TO READ THIS PLAN AND THE DISCLOSURE STATEMENT CAREFULLY TO EVALUATE HOW THIS PLAN WILL AFFECT THEIR CLAIMS OR EQUITY INTERESTS.

## ARTICLE I DEFINED TERMS, RULES OF INTERPRETATION, COMPUTATION OF TIME AND GOVERNING LAW

### *A. Rules of Interpretation, Computation of Time and Governing Law*

1. For purposes herein: (a) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and the neuter gender; (b) any reference herein to a contract, instrument, release, indenture or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions; (c) any reference herein to an existing document or exhibit Filed, or to be Filed, shall mean such document or exhibit, as it may have been or may be amended, modified or supplemented; (d) unless otherwise specified, all references herein to Sections, Articles and Exhibits are references to Sections, Articles and Exhibits hereof or hereto; (e) the words "herein," "hereof" and "hereto" refer to the Plan in its entirety rather than to a particular portion of this Plan; (f) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation hereof; (g) the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; and (h) any term used in capitalized form herein that is not otherwise defined but that is defined in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to such term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be.

2. In computing any period of time prescribed or allowed hereby, the provisions of Bankruptcy Rule 9006(a) shall apply.

3. Except to the extent that the Bankruptcy Code or Bankruptcy Rules are applicable, and subject to the provisions of any contract, instrument, release, indenture or other agreement or document entered into in connection herewith, the rights and obligations arising hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without giving effect to the principles of conflict of laws thereof.

*B. Defined Terms.* As used in the Plan, the following terms have the meanings ascribed to them below, unless the context otherwise requires:

1. *Administrative Claim:* Any cost or expense of administration of the Chapter 11 Cases allowed under section 503(b) of the Bankruptcy Code and entitled to priority in payment under section 507(a)(1) of the Bankruptcy Code, including any actual and necessary expenses of preserving the estate of any Debtor, any actual and necessary expenses of operating the business of any Debtor, and any indebtedness or obligations incurred or assumed by any Debtor during the pendency of the Chapter 11 Cases in connection with the conduct of the business of, the acquisition or lease of property by, or the rendition of services to, any Debtor.

2. *Administrative Claim Bar Date:* The deadline ordered by the Bankruptcy Court for filing certain Administrative Claims, February 20, 2002.

3. *Agent:* JPMorgan Chase Bank, as administrative agent for the Lenders under the Prepetition Credit Agreement.

4. *Allowed:* Whenever in the Plan the word "Allowed" precedes a defined term describing a Claim, that phrase will mean an Allowed Claim of the type described.

5. *Allowed Claim.* Allowed Claim shall mean (a) any Claim against the Debtors, proof of which has been timely filed with the Bankruptcy Court, or which has been or hereafter is scheduled by the Debtors as liquidated in amount and not disputed or contingent and which, in either case, is a Claim as to which no objection to the allowance thereof has been filed within the applicable period of limitation for objection to Claims fixed by the Bankruptcy Court, or as to which any objection has been determined by a Final Order allowing such Claim; or (b) a Claim against a Debtor that is allowed (i) in a Final Order or (ii) under the Plan.

6. *Bank Distribution:* A distribution to the Lenders pursuant to which such Lenders will receive their Pro Rata share of 100% of the New Teligent Common Stock.

7. *Bank Releasees:* The Agent and the Lenders in their capacity as such under the Prepetition Credit Agreement or the Cash Collateral Order, together with their respective officers, directors, employees, attorneys, financial advisors, accountants, investment bankers, agents and representatives in each case in their capacity as such.

8. *Bankruptcy Code:* Title I of the Bankruptcy Reform Act of 1978, as amended, set forth in title 11, sections 101 *et seq.*, of the United States Code.

9. *Bankruptcy Court:* The United States Bankruptcy Court for the Southern District of New York, or, if such court ceases to exercise jurisdiction over the Chapter 11 Cases, the court that exercises jurisdiction over the Chapter 11 Cases.

10. *Bankruptcy Rules:* The Federal Rules of Bankruptcy Procedure promulgated under 28 U.S.C. § 2076, as amended from time to time, and the local rules of the Bankruptcy Court.

11. *Business Day:* Any day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close.

12. *Cash Collateral Order:* That certain Final Order (I) Authorizing the Use of Lenders' Cash Collateral and (II) Granting Adequate Protection Pursuant to 11 U.S.C. §§ 361 and 363, entered by the clerk of the Bankruptcy Court on June 13, 2001 (as amended or modified).

13. *Chapter 5 Causes of Action:* Any and all of any Debtor's rights, claims, or causes of action under sections 542, 544, 545, 547, 548, 549, 550 and 552(b) of the Bankruptcy Code, whether known or unknown, in law, equity or otherwise, except to the extent waived or retained by the Debtors during the Chapter 11 Cases or pursuant to the Plan.

14. *Chapter 11 Cases:* Collectively, the cases under Chapter 11 of the Bankruptcy Code, commenced by the Debtors, and styled "In re Teligent, Inc., et al.," case numbers 01-12974 to 01-12981, 01-12983, 01-12985, 01-12986, 01-12989-01 to 12991, 01-12993, 01-12994, 01-12991, 01-12999 and 01-13002 to 01-13004, respectively, jointly administered for administrative purposes only under case number 01-12974.

15. *Claim:* Any right to (a) payment from any Debtor, whether or not such right is reduced to a judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured or (b) an equitable remedy for breach of performance if such breach gives rise to a right of payment from any Debtor, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, disputed, undisputed, secured or unsecured.

16. *Claim Fund:* The fund to be established by Reorganized Teligent on the Effective Date in the amount of \$4,000,000 for the purpose of distributing payments to Holders of General Administrative Claims,

Priority Tax Claims and Other Priority Claims that are Allowed; provided that the amount of the Claim Fund shall be reduced by any payments made by the Debtors after the Administrative Claims Bar Date to compromise such Claims that would otherwise be subject to the Plan.

17. *Committee Releasees:* The Creditors' Committee, members of the Creditors' Committee, together with their officers, directors, employees, attorneys, financial advisors, accountants, investment bankers, agents and representatives in each case in their capacity as such.

18. *Confirmation Date:* The date upon which the clerk of the Bankruptcy Court enters the Confirmation Order on the legal docket maintained by the clerk's office.

19. *Confirmation Order:* An order of the Bankruptcy Court confirming the Plan in accordance with the provisions of Chapter 11 of the Bankruptcy Code.

20. *Consummation:* The occurrence of the Effective Date.

21. *Contingent Claim:* Any Claim that is contingent or unliquidated. Wherever in the Plan the word "Contingent" precedes a defined term describing a Claim within a particular class, that phrase will mean a Contingent Claim of the type described in such class.

22. *Creditor:* Any Person that holds a Claim against any Debtor.

23. *Creditors' Committee:* The committee of unsecured creditors appointed by the United States Trustee in the Chapter 11 Cases.

24. *D&O Releasees:* All officers, directors, employees, attorneys, financial advisors, accountants, investment bankers, agents and representatives of the Debtors and their subsidiaries, but in each case only in their capacity as such and only if serving in such capacity on May 21, 2002 and the Effective Date; provided that any such party serving in such capacity on May 21, 2002 but who is terminated without cause prior to the Effective Date shall still be considered a "D&O Releasee" hereunder.

25. *Debtor:* The Debtors are the following entities: Teligent, Inc.; Teligent Services, Inc.; Xandu Shell Corp. (f/k/a American Long Lines, Inc.); Association Communications, Inc.; Auctel, Inc.; BackLink, L.L.C.; Winston Shell Corp. (f/k/a Easton Telecom Services, Inc.); Quincy Shell Corp. (f/k/a Executive Conference, Inc.); FirstMark Communications, Inc.; InfiNet Telecommunications, Inc.; JTel, L.L.C.; KatLink, L.L.C.; OMC Communications, Inc.; Quadrangle Investments, Inc.; Atlantis II Shell Corp. (f/k/a Telecommunications Concepts, Inc.); Teligent Communications, L.L.C.; Teligent License Co. I, L.L.C.; Teligent License Co. II, L.L.C.; Teligent of Virginia, Inc.; Teligent Professional Services, Inc.; and Teligent Telecommunications, L.L.C.

26. *Debtor in Possession:* Each of the Debtors, as a debtor in possession.

27. *Disclosure Statement:* The Disclosure Statement, dated May \_\_, 2002, describing the Plan, as amended, supplemented, or modified from time to time, prepared and distributed in accordance with sections 1125 and 1126(b) of the Bankruptcy Code and Bankruptcy Rule 3018.

28. *Disputed Claim:* Any Claim within a particular class against any Debtor (i) that such Debtor has scheduled as unliquidated, disputed, or contingent, (ii) to which a party in interest has objected, or (iii) that has not become an Allowed Claim. Wherever in the Plan the word "Disputed" precedes a defined term describing a Claim, that phrase will mean a Disputed Claim of the type described.

29. *Effective Date:* The first Business Day to occur after the conditions to the Effective Date set forth in Article VIII are met or waived in accordance with that Article; or such later date designated by the Debtors and the Agent.

30. *Equity Interest*: Any equity interest in a Debtor represented by, related to, or arising from stock, options, warrants or other instruments in any Debtor.

31. *Filed*: "File" or "Filed" means file or filed with the Bankruptcy Court in the Chapter 11 Cases.

32. *Final Order*: An order that has not been reversed or stayed, is no longer subject to appeal, *certiorari* proceeding or other proceeding for review, reargument, or rehearing, and as to which no appeal, *certiorari* proceeding, or other proceeding for review, reargument, or rehearing has been requested or is then pending and the time to file any such appeal, *certiorari* proceeding or other proceeding for review, reargument, or rehearing has expired or as to which any right to appeal, petition for *certiorari*, reargue, or seek rehearing shall have been waived in writing in form and substance satisfactory to the Debtors and the Agent.

33. *Funds*: The Claim Fund, the Professional Fee Reserve Fund and the Unsecured Claim Fund.

34. *General Administrative Claim*: Any Administrative Claim other than a Professional Fee Claim, and subject to the Administrative Claims Bar Date or any subsequent bar date with respect to such Claims.

35. *General Unsecured Claim*: Any Claim against any Debtor, other than a General Administrative Claim, a Prepetition Lender Superpriority Administrative Claim, a Professional Fee Claim, a Priority Claim, a Prepetition Lender Secured Claim, or an Other Secured Claim.

36. *Holders*: Any Person owning a Claim or Equity Interest.

37. *Insurance Policy*: Any policy of insurance and any agreements relating thereto that may be available to provide coverage for Claims against a Debtor.

38. *Lenders*: The several banks and other financial institutions from time to time party to the Prepetition Credit Agreement.

39. *New Teligent Bylaws*: Those certain by-laws of Reorganized Teligent which will be filed with the Secretary of State of the State of Delaware, the form of which shall be included in the Plan Supplement.

40. *New Teligent Charter*: That certain Certificate of Incorporation which will be filed with the Secretary of State of the State of Delaware, the form of which shall be included in the Plan Supplement.

41. *New Teligent Common Stock*: The new common stock of Teligent, Inc. issued pursuant to the Plan on the Effective Date to the Lenders. The New Teligent Common Stock shall consist of authorized shares of new common stock of Teligent, Inc., \$0.001 par value per share. Pursuant to Section III.B.3 of the Plan, such shares shall be issued and distributed only to the Lenders, which shares shall be duly authorized, fully paid and nonassessable shares of capital stock of Teligent, Inc. The remaining authorized shares not issued to the Lenders shall be reserved for future corporate purposes as determined by the Board of Directors of Reorganized Teligent subject to the New Teligent Charter and the Stockholders Agreement.

42. *Old Equity Interests*: The common and preferred stock of the Debtors and any option, warrant instrument or right, contractual or otherwise, to acquire any such interest.

43. *Other Priority Claim*: Any Claim against any Debtor to the extent entitled to priority in payment under sections 507(a)(3)-(7) or section 507(a)(9) of the Bankruptcy Code.

44. *Other Secured Claim*: Any Secured Claim other than a Prepetition Lender Secured Claim.

45. *Person*: Any individual, corporation, partnership, association, joint stock Debtors, joint venture, estate, trust, unincorporated organization or governmental unit or subdivision thereof or other entity.

46. *Petition Date:* The date on which each of the Debtors commenced the Chapter 11 Cases, May 21, 2001.

47. *Plan:* This joint plan of reorganization under Chapter 11 of the Bankruptcy Code, as it may be amended, supplemented, or modified in accordance with the terms hereof from time to time.

48. *Plan Supplement:* A separate volume of documents, including the Stockholders Agreement, to be filed with the Bankruptcy Court.

49. *Post Petition Loans:* The term "Post Petition Loans" shall have the same meaning as set forth in paragraph 4(a) of the Cash Collateral Order.

50. *Prepetition Credit Agreement:* The Credit Agreement dated as of July 2, 1998 among Teligent, Inc., the Lenders and the Agent, as amended, modified and supplemented from time to time through and including the Petition Date, and inclusive of all collateral, guarantee and other documents executed in connection therewith.

51. *Prepetition Lender Secured Claims:* Collectively, all Secured Claims against any Debtor arising from, under or with respect to the Prepetition Credit Agreement.

52. *Prepetition Lender Superpriority Administrative Claims:* Collectively, all Administrative Claims of the Lenders arising from, under or with respect to the Cash Collateral Order.

53. *Priority Claim:* A Priority Tax Claim or an Other Priority Claim.

54. *Priority Tax Claim:* Any Claim against any Debtor to the extent entitled to priority in payment under section 507(a)(8) of the Bankruptcy Code.

55. *Professional Fee Claim:* Any Claim of a professional retained under the Bankruptcy Code subject to allowance under 11 U.S.C. § 328, § 330 or an order of the Bankruptcy Court.

56. *Professional Fee Reserve Fund:* A reserve to be established on the Effective Date by Reorganized Teligent to pay the Professional Fee Claims allowed by a Final Order of the Bankruptcy Court in an amount equal to (i) the amount of Professional Fee Claims incurred by the Debtors in the Chapter 11 Cases less (ii) the amount of Professional Fee Claims paid prior to the Effective Date pursuant to a Bankruptcy Court order; provided that any amount not so paid on account of Professional Fee Claims shall revert to Reorganized Teligent.

57. *Property:* All of the Debtors' property, whether tangible or intangible, and without limitation, any and all real or personal property, including all cash and cash equivalents, licenses, certifications, tax refunds, accounts receivable, stock in subsidiaries that are not Debtors, inventory, causes of action (other than the Chapter 5 Causes of Action) and equipment.

58. *Pro Rata:* With respect to distributions on Claims, proportionately, so that the ratio of the amount of consideration (and each form thereof) distributed on account of an Allowed Claim to the amount of the Allowed Claim is the same as the ratio of the amount of consideration (and each form thereof) distributed on account of all Allowed Claims to the amount of all Allowed Claims.

59. *Releasees:* The D&O Releasees, the Bank Releasees and the Committee Releasees.

60. *Reorganized Teligent:* On the Effective Date, means Teligent, Inc., and its subsidiaries – Teligent Services, Inc. and Teligent of Virginia.

61. *Secured Claim:* Any Claim that is secured by a lien on property in which any of the Debtors has an interest, which lien is valid, perfected and enforceable under applicable law, to the extent of the value of the Claim Holder's interest in the Debtors' interest in such property, as determined pursuant to section 506 of the Bankruptcy Code.

62. *Stockholders Agreement:* That certain agreement by and among Reorganized Teligent and the Lenders, as the Holders of the New Teligent Common Stock.

63. *Stockholder Committee:* The Lenders who shall serve on the stockholder committee pursuant to the Stockholders Agreement, with the Agent being appointed initially as the chair of such Committee.

64. *Unsecured Claim Estate Representative:* That Person appointed by the Creditors Committee to be the estate representative pursuant to section 1123(b)(3) of the Bankruptcy Code to pursue the Chapter 5 Causes of Action and determine the validity, priority and amount of the General Unsecured Claims; provided, however, that if the Creditors' Committee does not designate such Person by the Confirmation Date, the Debtors shall designate the Unsecured Claim Estate Representative.

65. *Unsecured Claim Fund:* On the Effective Date, Reorganized Teligent will transfer an amount equal to \$300,000 to the Unsecured Claim Estate Representative to be used by such party to discharge its responsibilities under the Plan.

C. *Exhibits.* All exhibits to the Plan are incorporated into and are a part of the Plan as if set forth in full herein.

## ARTICLE II PROVISIONS FOR PAYMENT OF ADMINISTRATIVE EXPENSE CLAIMS AND PRIORITY TAX CLAIMS

**The Debtors believe that if the Plan is not confirmed, the Debtors may be required to convert the Chapter 11 Cases to chapter 7. In this event, Holders of all Claims described in this Article (other than the Lenders) will likely receive no recovery on account of their Claims.**

A. *General Administrative Claims.* On the later to occur of (i) 90 days after the Effective Date and (ii) the date on which such Claim shall become an Allowed Claim, Reorganized Teligent shall either (a) pay to each Holder of an Allowed General Administrative Claim a Pro Rata distribution based on the amount of available cash in the Claim Fund, after the establishment of an appropriate reserve (from the Claim Fund) for Disputed Claims, and thereafter make periodic cash payments as set forth in the next sentence, or (b) satisfy and discharge such General Administrative Claim in accordance with such other terms as may be agreed upon by and between the Holder thereof and Reorganized Teligent (acting with consent of the Agent). As often as reasonably practicable thereafter, in the sole discretion of Reorganized Teligent, after the establishment or maintenance of an appropriate reserve (from the Claim Fund) for Disputed Claims, Reorganized Teligent shall make additional periodic cash distributions to Holders of Allowed General Administrative Claims on a Pro Rata basis until the earlier of the date that (i) such Claims are paid in full and (ii) the Claim Fund has been exhausted. **The failure to object to confirmation of this Plan by a Holder of a General Administrative Claim prior to any deadline set by the Bankruptcy Court shall be deemed to be such Holder's consent and agreement to receive treatment for such Claim that is different from that set forth in 11 U.S.C. § 1129(a)(9).**

B. *Prepetition Lender Superiority Administrative Claims.* On account of the Prepetition Lender Superpriority Administrative Claims all of which Claims are Allowed pursuant to the Plan and the Prepetition Lender Secured Claims all of which Claims are Allowed pursuant to the Plan, the Prepetition Lenders shall receive and retain the Bank Distribution.

C. *Priority Tax Claims.* On the later to occur of (i) 90 days after the Effective Date and (ii) the date on which such Claim shall become an Allowed Claim, Reorganized Teligent shall either (a) pay to each Holder of an Allowed Priority Tax Claim a Pro Rata distribution based on the amount of available cash in the Claim Fund, after the establishment of an appropriate reserve (from the Claim Fund) for Disputed Claims, and thereafter make periodic cash payments as set forth in the next sentence, or (b) satisfy and discharge such Allowed Priority Tax Claim in accordance with such other terms as may be agreed upon by and between the Holder thereof and Reorganized Teligent (acting with the consent of the Agent). As often as reasonably practicable thereafter, in the sole discretion

of Reorganized Teligent, after the establishment or maintenance of an appropriate reserve (from the Claim Fund) for Disputed Claims, Reorganized Teligent shall make additional periodic cash distributions to Holders of Allowed Priority Tax Claims until the earlier of the date that (1) such Claims are paid in full and (2) the Claim Fund has been exhausted. **The failure to object to confirmation prior to any deadline set by the Bankruptcy Court of this Plan by a Holder of a Priority Tax Claim shall be deemed to be such Holder's consent and agreement to receive treatment for such Claim that is different from that set forth in 11 U.S.C. § 1129(a)(9).**

*D. Paid Administrative Claims:* Except as otherwise set forth herein, all payments made on account of Administrative Claims prior to the Effective Date shall be final and not subject to disgorgement.

### ARTICLE III CLASSIFICATION AND TREATMENT OF CLASSIFIED CLAIMS AND EQUITY INTERESTS

**The Debtors believe that if the Plan is not confirmed, the Debtors may be required to convert the Chapter 11 Cases to chapter 7. In this event, Holders of all Claims described in this Article (other than the Lenders) will likely receive no recovery on account of their Claims.**

*A. Summary.* The categories of Claims and Equity Interests listed below classify Claims and Equity Interests for all purposes, including, voting, confirmation and distribution pursuant to the Plan and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or Equity Interest shall be deemed classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that any remainder of such Claim or Equity Interest qualifies within the description of such different Class. A Claim or Equity Interest is in a particular Class only to the extent that such Claim or Equity Interest is Allowed in that Class and has not been paid or otherwise settled prior to the Effective Date.

Class	Status
Class 1 - Other Priority Claims	Unimpaired - not entitled to vote
Class 2 - Other Secured Claims	Unimpaired - not entitled to vote
Class 3 - Prepetition Lender Secured Claims	Impaired - entitled to vote
Class 4 - General Unsecured Claims	Impaired - deemed to reject the Plan and, therefore, not entitled to vote
Class 5 - Old Equity Interests	Impaired - deemed to reject the Plan and, therefore, not entitled to vote

*B. Classification and Treatment.*

*1. Class 1 - Other Priority Claims.*

(a) Classification: Class 1 consists of all Other Priority Claims.

(b) Treatment: On the later to occur of: (a) 90 days after the Effective Date and (b) the date on which such Claim shall become an Allowed Claim, Reorganized Teligent shall either (i) pay to each Holder of an Allowed Other Priority Claim a Pro Rata distribution based on the amount of cash in the Claim Fund, after the establishment of an appropriate reserve (from the Claim Fund) for Disputed Claims, and thereafter make periodic cash payments as set forth in the next sentence, or (ii) satisfy and discharge such Allowed Other Priority Claim in accordance with such other terms as may be agreed upon by and between the Holder thereof and Reorganized Teligent (acting with the consent of the Agent). As often as reasonably practicable thereafter, in the sole discretion of Reorganized Teligent, after the establishment or maintenance of an appropriate reserve (from the Claim Fund) for Disputed Claims, Reorganized Teligent shall make additional periodic cash distributions to Holders of Allowed Other Priority Claims until the earlier of the date that (a) such Claims are paid in full and (b) the Claim Fund has been exhausted.



(c) Voting. Class 1 is unimpaired. Holders of Other Priority Claims in Class 1 are deemed to accept the Plan, and are not therefore entitled to vote to accept or reject the Plan. **The failure to object to confirmation of this Plan by a Holder of an Other Priority Claim prior to any deadline set by the Bankruptcy Court shall be deemed to be such Holder's consent and agreement to receive treatment for such Claim that is different from that set forth in 11 U.S.C. § 1129(a)(9).**

2. *Class 2 - Other Secured Claims.*

(a) Classification: Class 2 consists of all Other Secured Claims. For purposes of voting and distribution, each Holder of an Other Secured Claim shall be deemed to be classified in a separate subclass of Class 2.

(b) Treatment: Each Holder, if any, of an Allowed Other Secured Claim will receive one of the following distributions: (i) the payment of such Holder's Allowed Other Secured Claim in full in cash; (ii) the sale or disposition proceeds of the property securing such Allowed Other Secured Claim, to the extent of the value of the Debtors' interest in such property; (iii) the surrender to the Holder of an Allowed Other Secured Claim of the property securing such Claim; or (iv) such other distributions as necessary to satisfy the requirements of the Bankruptcy Code. The election of the treatment for each such Holder will be made by Reorganized Teligent (acting with the consent of the Agent).

(c) Voting: Class 2 is unimpaired. Holders of Other Secured Claims in Class 2 are deemed to accept the Plan, and therefore are not entitled to vote to accept or reject the Plan.

3. *Class 3 - Prepetition Lender Secured Claims.*

(a) Classification: This Class will consist of the Prepetition Lender Secured Claims.

(b) Treatment: The Lenders shall receive the Bank Distribution on account of the Prepetition Lender Secured Claims and the Prepetition Lender Superpriority Administrative Claims. The Lenders shall retain any payments made after the Petition Date on account of the Postpetition Loans. Each Holder of a Prepetition Lender Secured Claim or a Prepetition Lender Superpriority Administrative Claim shall on the Effective Date automatically, regardless of whether such Lender votes to accept or reject the Plan or executes the Stockholders Agreement, become a party to the Stockholders Agreement, unless such Holder votes to reject the Plan and declines to accept the shares of New Teligent Common Stock to which such Holder would otherwise be entitled.

(c) Voting: Class 3 is impaired. Holders of Claims in Class 3 are entitled to vote to accept or reject the Plan.

4. *Class 4 - General Unsecured Claims.*

(a) Classification: This Class will consist of all claims other than General Administrative Claims, Professional Fee Claims, Prepetition Lender Superpriority Administrative Claims, Priority Tax Claims, Other Priority Claims, Other Secured Claims or Prepetition Lender Secured Claims. The General Unsecured Claims of the Prepetition Lenders will be fixed and Allowed at \$600,000,000.

(b) Treatment: On the Effective Date, the Chapter 5 Causes of Action and the Unsecured Claim Fund will be transferred to the Unsecured Claims Estate Representative. Any proceeds from the Chapter 5 Causes of Action will be used first to reimburse Reorganized Teligent for the Unsecured Claim Fund. Any remaining proceeds will be distributed Pro Rata to Holders of Allowed Class 4 Claims. In consideration for the Creditors' Committee support of the Plan, the Lenders have made this portion of their recovery available to Holders of Allowed Unsecured Claims.

(c) Voting: Class 4 is impaired. Because Holders of Claims in Class 4 will be deemed to receive no distribution under the Plan, the Class will be deemed to have voted to reject the Plan.

5. *Class 5 - Old Equity Interests.*

(a) Classification: Class 5 includes all Old Equity Interests.

(b) Treatment: Holders shall not retain or receive any property under the Plan. All such Old Equity Interests will be canceled and extinguished.

(c) Voting: Class 5 is impaired. Because Holders of Old Equity Interests in Class 5 will receive no distribution under the Plan, Class 5 will be deemed to have voted to reject the Plan.

**ARTICLE IV  
ACCEPTANCE OR REJECTION OF THE PLAN**

A. *Voting Class.* Each Holder of an Allowed Claim in Class 3 shall be entitled to vote to accept or reject the Plan.

B. *Acceptance by Impaired Classes of Claims.* Class 3 shall have accepted the Plan if (1) the Holders (other than any Holder designated under section 1126(e) of the Bankruptcy Code) of at least two-thirds in amount of the Allowed Claims actually voting in such class have voted to accept the Plan and (2) more than one-half in number of the Holders (other than any Holder designated under section 1126(c) of the Bankruptcy Code) of such Allowed Claims actually voting in such class have voted to accept the Plan.

C. *Presumed Acceptance of Plan.* Classes 1 and 2 are deemed unimpaired under the Plan, and therefore, are deemed to accept the Plan under section 1126(f) of the Bankruptcy Code.

D. *Presumed Rejection of Plan.* Classes 4 and 5 will not receive or retain any distribution under the Plan, and therefore, are deemed to reject the Plan under section 1126(g) of the Bankruptcy Code.

E. *Nonconsensual Confirmation.* The Debtors will request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code with respect to Classes 4 and 5. In the event that Holders of Claims in Class 3 fail to accept the Plan, the Debtors reserve the right, with the Agent's consent, to modify the Plan.

**ARTICLE V  
TREATMENT OF DISPUTED CLAIMS**

A. *Objections to and Estimation of Claims; Prosecution of Disputed Claims.* Reorganized Teligent will be authorized and empowered to resolve consensually (and without the need for Bankruptcy Court approval) any disputes regarding the amount of any General Administrative Claim, Priority Claim, or Other Secured Claim. Nevertheless, Reorganized Teligent may, with the Agent's consent, file with the Bankruptcy Court (or any other court of competent jurisdiction) an objection to the allowance of any General Administrative Claim, Priority Claim or Other Secured Claim, or any other appropriate motion or adversary proceeding with respect thereto. In addition, Reorganized Teligent may, at any time, request that the Bankruptcy Court estimate any Contingent General Administrative, Priority or Other Secured Claim under section 502(c) of the Bankruptcy Code, regardless of whether a Debtor has previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any Contingent Claim, that estimated amount will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, Reorganized Teligent may elect to pursue any supplemental proceedings to object to any ultimate payment on such Claim. All of the aforementioned Claims objection, estimation and resolution procedures are cumulative and are not necessarily exclusive of one another. General Administrative, Priority or Other Secured Claims may be estimated and thereafter resolved by any

permitted mechanism. The Unsecured Claim Estate Representative shall have the same rights and powers with respect to the Unsecured Claims, which rights shall be exclusively vested in the Unsecured Claim Estate Representative.

*B. Reserve for Disputed Claims.* Reorganized Teligent shall reserve in the Claim Fund for the benefit of each holder of a Disputed General Administrative or Priority Claim, cash in an amount equal to the distributions that would have been made to the Holder of such Disputed Claim under the Plan if it were an Allowed Claim in an amount equal to the greater of (i) the amount listed in the Debtors' schedules, (ii) the amount set forth in a proof of claim filed with the Bankruptcy Court or (iii) the amount as estimated by the Bankruptcy Court under section 502(c) of the Bankruptcy Code. Such amount so reserved shall constitute the maximum amount of distribution to which a Holder of a Disputed General Administrative or Priority Claim may ultimately become entitled.

*C. Payments and Distributions on Disputed Claims.* Notwithstanding any other provision in the Plan, no distributions will be made with respect to a Disputed Claim until the resolution of such dispute by settlement or Final Order. As soon as practicable after a Disputed Claim becomes an Allowed Claim, the Holder of such Allowed Claim will receive all distributions to which such Holder is then entitled under the Plan, any Person who holds both an Allowed Claim and a Disputed Claim will receive the appropriate distribution on the Allowed Claim, although no distribution will be made on the Disputed Claim until such dispute is resolved by settlement or Final Order.

*D. Bar Date for Professional Claims.* Persons requesting compensation or reimbursement of expenses pursuant to section 328 or 330 of the Bankruptcy Code for services rendered before the Confirmation Date shall file with the Bankruptcy Court and serve on Reorganized Teligent and the Agent and the U.S. Trustee an application for final allowance of compensation and reimbursement of expenses no later than 60 days after the Effective Date; provided, however, that any professional or other Person that fails to file and serve a timely application for final allowance of compensation and reimbursement of expenses shall be forever barred from asserting such Claims against the Debtors or Reorganized Teligent, who shall be discharged from such Claims and shall not be obligated to pay such Claims; provided further, that any professional employed by Reorganized Teligent may receive compensation and reimbursement of expenses for services rendered after the Confirmation Date, without an order of the Bankruptcy Court.

*E. Disallowance of Claims.* All Claims held by Entities against whom the Debtors have or may have asserted a cause of action under sections 542, 543, 550, 551 or 552 of the Bankruptcy Code, or that is a transferee of a transfer avoidable under sections 544, 545, 547, 548, 549 or 553 of the Bankruptcy Code, shall be deemed disallowed pursuant to section 502(d) of the Bankruptcy Code, and Holders of such Claims may not vote to accept or reject the Plan, both consequences to be in effect until such time as such causes of action against that Entity have been settled or a Final Order entered and all sums due the Debtors by that Entity are turned over pursuant to the Plan.

## ARTICLE VI PLAN IMPLEMENTATION

The Debtors will emerge from chapter 11 and continue to exist as Reorganized Teligent. All of the Property of the Debtors (including operating assets of the fixed wireless and resale business, licenses, certifications, cash, intangible assets, litigation claims (other than Chapter 5 Causes of Action), receivables and other assets) other than the Claim Fund, the Chapter 5 Causes of Action and the Unsecured Claim Fund will be vested in and become property of Reorganized Teligent.

*A. Substantive Consolidation.* The Plan contemplates and is predicated upon the substantive consolidation of the estates of the Debtors into a single entity for purposes of confirmation, consummation and Plan implementation. Accordingly, the Confirmation Order shall provide that on the Effective Date, except for Reorganized Teligent, (i) each of the Debtors will be deemed to have dissolved or otherwise terminated its existence following the Effective Date; (ii) all inter-Debtor Claims by and among the Debtors will be released and waived; (iii) all assets and all proceeds thereof and all liabilities, of any and all of the Debtors, will be merged or created as though they were the assets or liabilities jointly of all Debtors; (iv) any obligation of any of the Debtors and all guarantees thereof executed by any of the Debtors will be deemed to be a single obligation of the Debtors; (v) any Claims filed or to be

filed in connection with any such obligation and any such guarantees will be deemed one Claim against the Debtors; and (vi) every Claim filed or to be filed in the individual Chapter 11 Case of any of the Debtors will be deemed one Claim filed against the Debtors. Notwithstanding the foregoing, the Debtors' rights of recovery against any Person other than a Debtor with respect to any assets and the rights of any party with a security interest in the Debtors' property shall not be prejudiced by such consolidation.

*B. Distributions Under the Plan.*

1. *Reorganized Teligent.* Reorganized Teligent shall make all distributions to Holders of Allowed General Administrative Claims, Professional Fee Claims, Priority Claims, Other Secured Claims, Prepetition Lender Superpriority Administrative Claims and Prepetition Lender Secured Claims provided for in the Plan in the manner set forth herein.

2. *Unsecured Claim Estate Representative:* The Unsecured Claim Estate Representative shall make distributions to Holders of Allowed Unsecured Claims in the manner set forth herein.

3. *Transfer to Reorganized Teligent.* On the Effective Date, all of the Debtors' Property shall vest with Reorganized Teligent free and clear of all Claims and Equity Interests of Creditors and other Persons, except for the rights to distribution afforded to such Creditors under the Plan. In consideration of these transfers, Reorganized Teligent shall make the distributions required under the Plan in accordance with the Plan's terms. The total recovery for all Holders of General Administrative Claims, Priority Tax Claim and Other Priority Claim shall be limited to distributions from the Claim Fund pursuant to the terms of the Plan. After the Effective Date, Reorganized Teligent shall have no liability to Holders of Claims or Equity Interest other than as provided for in the Plan.

4. *Investments.* Cash held by Reorganized Teligent in any Fund shall be maintained in United States dollars or shall be invested by Reorganized Teligent in (i) direct obligations of, or obligations guaranteed by, the United States of America, (ii) obligations of any agency or corporation which is or may hereafter be created by or pursuant to an act of Congress of the United States of America as an agency or instrumentality thereof, or (iii) such other obligations or instruments as may from time to time be permitted under section 345 of the Bankruptcy Code or as may have been authorized by an order of the Court; provided, that, Reorganized Teligent may, to the extent necessary to implement the provisions of the Plan, deposit moneys in demand deposits at any banking institution or trust having combined capital stock and surplus in excess of \$100,000,000.00 based upon its most recently available audited financial statements, regardless of whether such investments and deposits are insured. Such investments shall mature in such amounts and at such times as Reorganized Teligent shall deem appropriate to provide funds when needed to transfer funds or make distributions under the Plan.

5. *Setoffs.* Consistent with applicable law, Reorganized Teligent may, but shall not be required to, set off against any General Administrative, Priority or Other Secured Claim, and the payments to be made under the Plan in respect of such Claim, any claims of any nature whatsoever the Debtor may have against the Holder thereof, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release of any such claim Reorganized Teligent or the Debtors may have against any such Person.

6. *Cancellation of Notes, Instruments, Debentures and Equity Securities.* On the Effective Date, except to the extent provided otherwise in the Plan, all notes, instruments, debentures, certificates and other documents evidencing Claims and all Equity Interests in any of the Debtors shall be canceled and deemed terminated and surrendered (regardless of whether such notes, instruments, debentures, certificates or other documents are in fact surrendered for a cancellation to the appropriate indenture trustee or other such person), except for purposes of distribution in accordance with the terms of this Plan. On the Effective Date, any indentures to which any Debtor is a party shall be deemed canceled as permitted by section 1123(a)(5) of the Bankruptcy Code. Notwithstanding the termination of any indenture and any notes issued under any such indenture, the provisions of such indenture, including those provisions relating to distributions and the indenture trustee's rights to payment shall not be affected by the Confirmation of the Plan, other than as specifically set forth in the Plan.

*C. Cooperation.* For a period of 12 months after the Effective Date, Reorganized Teligent will provide reasonable cooperation to the Unsecured Claims Estate Representative in respect of the investigation and

prosecution of the Chapter 5 Causes of Action. In this regard, Reorganized Teligent will make relevant documents and personnel available, to the extent Reorganized Teligent has the ability to do so, for such period. Reorganized Teligent will not be responsible for any costs or expenses incurred by the Unsecured Claims Estate Representative in respect of evaluating, prosecuting or settling any of the Chapter 5 Causes of Action. To the extent Reorganized Teligent incurs costs or expenses as a result of such cooperation, such reasonable costs and expenses will be reimbursed by the Unsecured Claims Estate Representative.

*D. Business Day.* If any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

*E. Timing.* Wherever the Plan provides that a payment or distribution shall occur "on" any date, it shall mean "on, or as soon as practicable after" such date.

*F. Manner of Payment.* Any payment made under the Plan by Reorganized Teligent may be made either by check or by wire transfer, unless otherwise agreed to by the Agent.

*G. Effectiveness of Documents.* From and after the Effective Date, all agreements entered into under the Plan and all other obligations imposed under the Plan shall be valid, binding and in full force and effect, and shall be fully enforceable in accordance with their terms.

*H. Winding Up Affairs.* On and after the Effective Date, Reorganized Teligent may take actions as set forth in the Plan without supervision or Bankruptcy Court approval and free of all restrictions of the Bankruptcy Code or the Bankruptcy Rules, other than any restrictions expressly imposed by the Plan or the Confirmation Order. Without limiting the foregoing, Reorganized Teligent may pay charges incurred after the Confirmation Date for professional fees that, but for the occurrence of the Confirmation Date, would constitute Professional Fee Claims, without application to the Bankruptcy Court.

*I. Corporate Action.*

*1. New Teligent Charter and New Teligent Bylaws.* On the Effective Date or as soon thereafter as is practicable, Reorganized Teligent shall file with the Secretary of State of the State of Delaware, in accordance with the applicable corporation laws of such state, the New Teligent Charter and such New Teligent Charter shall be the charter for Reorganized Teligent. The New Teligent Charter shall provide, among other things, for (a) the authorization of the New Teligent Common Stock, (b) to the fullest extent permitted by the corporate law of Delaware, a limitation on the personal liability of directors to Reorganized Teligent or its stockholders for monetary damage for breach of fiduciary duty as a director, (c) actions of Reorganized Teligent which require consent of the stockholders or the Stockholder Committee (or the Chair of the Stockholder Committee), as the case may be, pursuant to the Stockholders Agreement, and (d) a prohibition on the issuance of nonvoting equity securities to the extent required by section 1123(a)(6) of the Bankruptcy Code. The New Teligent Bylaws shall provide, among other things, that the Board of Directors shall initially consist of three members, and on the Effective Date, the New Teligent Bylaws shall become the bylaws of Reorganized Teligent.

*2. Board of Directors.* On the Effective Date, the operation of Reorganized Teligent shall become the general responsibility of their Boards of Directors, subject to, and in accordance with, the New Teligent Charter, the New Teligent Bylaws and the Stockholders Agreement. The initial Board of Directors for Reorganized Teligent shall consist of the individuals identified at or prior to the hearing to consider confirmation of the Plan. Such directors shall be deemed elected or appointed, as the case may be, pursuant to the Confirmation Order, but shall not take office and shall not be deemed to be elected or appointed until the occurrence of the Effective Date. Those directors and officers not continuing in office shall be deemed removed therefrom as of the Effective Date pursuant to the Confirmation Order.

*3. Stockholders Agreement.* On the Effective Date, Reorganized Teligent and the Lenders as holders of the New Teligent Common Stock shall become parties to and bound by the Stockholders Agreement. The Stockholders Agreement shall provide, among other things, for (a) actions which require consent of the stockholders

or the Stockholders Committee (or the Chair), as the case may be, (b) indemnification by Reorganized Teligent and the stockholders of each member of the Stockholder Committee, subject to limitation on indemnification for gross negligence and willful misconduct, and exculpation of liability of Stockholder Committee members to other stockholders or Reorganized Teligent other than for gross negligence or willful misconduct, (c) reimbursement of expenses of members of the Stockholder Committee or their advisors by Reorganized Teligent (members of the Stockholders Committee shall initially receive no compensation from Reorganized Teligent for serving on the Stockholder Committee), and (d) restrictions on the transfer by sale, assignment or otherwise of New Teligent Common Stock by holders thereof, unless the transferee signs the Stockholders Agreement.

4. *Authorization of Corporate Action.* Subject to the terms of the New Teligent Charter, the New Teligent Bylaws for Reorganized Teligent and the Stockholders Agreement, the occurrence of the Effective Date shall constitute authorization for the Debtors or Reorganized Teligent to take or cause to be taken any corporate action necessary or appropriate before or after the Effective Date for the effectuation of the Plan, including, all steps necessary, if any, for Reorganized Teligent to issue the New Teligent Common Stock and to file tax returns or to terminate the Debtors' corporate existence. All such actions shall be deemed to have been approved by the Bankruptcy Court, and all such actions and the other matters provided for under the Plan involving corporate action to be taken by or required of a Debtor will occur and be effective as provided in the Plan, and will be authorized and approved in all respects and for all purposes without any requirement of further action by any stockholders, voting trustees or directors of any of the Debtors.

J. *Compromise of Controversies.* Pursuant to Bankruptcy Rule 9019, and in consideration for the classification, distribution and other benefits provided by the Lenders under the Plan, the provisions of this Plan, including without limitation the distributions to be made to Holders of Allowed General Unsecured Claims, General Administrative Claims, Priority Claims, and Other Secured Claims pursuant to Section III.B.4 of this Plan, shall constitute a good faith compromise and settlement of all Claims and controversies resolved pursuant to the Plan. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of each of the foregoing compromises or settlements, and all other compromises and settlements provided for in the Plan, and the Bankruptcy Court's findings shall constitute its determination that such compromises and settlements are in the best interests of the Debtors, the estates, the creditors and other parties in interest, and are fair, equitable and within the range of reasonableness.

K. *Insurance Preservation.* Nothing in this Plan, including any releases, shall diminish or impair the enforceability of any Insurance Policies that may cover Claims against the Debtors or any other Person.

## **ARTICLE VII EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

A. *Rejection of Executory Contracts and Unexpired Leases.* Except as otherwise set forth herein, on the Confirmation Date, all executory contracts or unexpired leases of the Debtors will be deemed rejected in accordance with sections 365 and 1123 of the Bankruptcy Code, except those executory contracts and unexpired leases that (i) have been assumed by order of the Bankruptcy Court, (ii) are the subject of a motion to assume pending on the Effective Date, (iii) are identified on a list to be filed with the Bankruptcy Court on or before the Confirmation Date, or (iv) are assumed under the Plan. Entry of the Confirmation Order by the clerk of the Bankruptcy Court shall constitute approval of such rejections pursuant to sections 365(a) and 1123 of the Bankruptcy Code.

B. *Benefit Plans.* On the Confirmation Date, all benefit plans of the Debtors for any of their employees set forth in the Plan Supplement shall be deemed terminated.

**ARTICLE VIII**  
**CONDITIONS PRECEDENT TO CONFIRMATION**  
**AND EFFECTIVE DATE OF THE PLAN**

*A. Conditions Precedent to Confirmation Date of the Plan.* The occurrence of the Confirmation Date shall be subject to satisfaction of the following conditions precedent:

1. The entry of the Confirmation Order in form and substance satisfactory to the Debtors and the Agent.
2. The Holders of all General Administrative Claims and Priority Claims have consented to or have been deemed to consent to the treatment set forth in Article IV of the Plan, including without limitation, their potential receipt of less than the full amount to which they would otherwise be entitled under the Bankruptcy Code.
3. Class 3 shall have voted to accept the Plan.

*B. Conditions Precedent to Effective Date of the Plan.* The occurrence of the Effective Date and the substantial consummation of the Plan are subject to satisfaction of the following conditions precedent:

1. *Confirmation Order:* The Confirmation Order shall be in full force and effect and shall not be subject to appeal, reconsideration, modification, or stay, or a motion, pleading, or other filing seeking an appeal, reconsideration, modification, or stay.
2. *Execution of Documents; Other Actions:* All other actions and documents necessary to implement the Plan, including as set forth in the Plan Supplement, shall have been effected or executed.
3. *Funds:* The Professional Fee Reserve Fund, the Claim Fund and the Unsecured Claim Fund shall be funded.
4. *Regulatory Approvals:* All federal, state and local regulatory approvals necessary to implement the Plan shall have been received.
5. *Budget:* An initial budget for the four-month period after the Effective Date for Reorganized Teligent shall have been accepted by the Agent.
6. *Date:* The Effective Date shall not occur later than July 15, 2002.

*C. Waiver of Conditions Precedent:* To the extent legally permissible, each of the conditions precedent in this Article may be waived, in whole or in part, by the Debtors, with the consent of the Agent. Any such waiver of a condition precedent may be effected at any time, without notice or leave or order of the Bankruptcy Court and without any formal action other than proceeding as if such condition did not exist.

**ARTICLE IX**  
**PLAN MODIFICATION**

The Debtors may alter, amend, or modify the Plan under section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 at any time before the Confirmation Date, with the Agent's consent, without an additional vote if the Bankruptcy Court finds, after notice and a hearing, to the extent necessary, that the proposed modification does not adversely change the treatment of any Class 3 Claim of any Person who has not accepted the modification. After the Confirmation Date and before substantial consummation of the Plan, the Debtors have the right under section 1127 of the Bankruptcy Code, to amend or modify the Plan in accordance with the Bankruptcy Code, if circumstances warrant amendment or modification and if, after notice and hearing, to the extent necessary, the Bankruptcy Court confirms the Plan as amended or modified.

**ARTICLE X**  
**RETENTION OF JURISDICTION**

The Bankruptcy Court will retain and have exclusive jurisdiction over the Chapter 11 Cases for the following purposes:

1. to determine objections to the allowance of Claims;
2. to determine motions to estimate Claims at any time, regardless of whether the Claim to be estimated is the subject of a pending objection, a pending appeal, or otherwise;
3. to determine motions to subordinate Claims at any time and on any basis permitted by applicable law;
4. to determine applications for the rejection or assumption of executory contracts or unexpired leases to which the Debtors are a party or with respect to which any Debtor may be liable, and to hear and determine, and if need be to liquidate, any and all Claims arising therefrom;
5. to determine applications, adversary proceedings and contested or litigated matters and all Chapter 5 Causes of Action, whether pending on the Effective Date or commenced thereafter;
6. to consider any Plan modifications, to cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court;
7. to determine all controversies, suits and disputes that may arise in connection with the interpretation or consummation of the Plan or the documents filed pursuant to the Plan Supplement or Reorganized Teligent's obligations under the Plan;
8. to issue orders in aid of execution of the Plan to the extent authorized by section 1142 of the Bankruptcy Code;
9. to determine such other matters as may be set forth in the Confirmation Order or as may arise in connection with the Plan, the documents filed pursuant to the Plan Supplement or the Confirmation Order;
10. to determine any and all applications for allowance of compensation and reimbursement of expenses and any other fees and expenses authorized to be paid or reimbursed under the Bankruptcy Code or the Plan;
11. to enforce creditors' rights to payments and to the delivery of money or other Property to which holders of Allowed Claims may be entitled under the Plan;
12. to determine any matter or dispute in connection with the Funds;
13. to issue injunctions, enter and implement other orders to take such other actions as may be necessary or appropriate to restrain interference by any Person with consummation, implementation or enforcement of the Plan, the documents filed pursuant to the Plan Supplement or the Confirmation Order; and
14. to enter a final decree closing the Chapter 11 Cases.

**ARTICLE XI**  
**RELEASES AND INJUNCTION**

*A. Subordination.* The classification and manner of satisfying all Claims and Equity Interests and the respective distributions and treatments hereunder take into account and/or conform to the relative priority and rights



of the Claims and Equity Interests in each Class in connection with any contractual, legal and equitable subordination rights relating thereto whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code or otherwise, and any and all such rights are settled, compromised and released pursuant hereto. The Confirmation Order shall permanently enjoin, effective as of the Effective Date, all Persons from enforcing or attempting to enforce any such contractual, legal and equitable subordination rights satisfied, compromised and settled in this manner.

*B. Limited Releases by Debtors.* Except as otherwise specifically provided herein, for good and valuable consideration, including in the case of the Lenders, the funding of the Chapter 11 Cases pursuant to the Cash Collateral Order, the funding to be provided by the Lenders under the Plan, and the obligations and undertakings of the Lenders set forth in the Plan; and in the case of the D&O Releasees and the Committee Releasees, the service of the D&O Releasees and the Committee Releasees to facilitate the expeditious reorganization of the Debtors and the implementation of the restructuring contemplated by the Plan, the D&O Releasees, the Bank Releasees and the Committee Releasees, on and after the Effective Date, are released by the Debtors and Reorganized Teligent from any and all Claims (as defined in section 101(5) of the Bankruptcy Code), obligations, rights, suits, damages, causes of action, remedies and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, that any Debtor or the subsidiary of any Debtor, or any person claiming derivatively through or on behalf of any Debtor or any such subsidiary would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or Equity Interest or other Person, based in whole or in part upon any act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date.

*C. Limited Releases by Holders of Claims.* On and after the Effective Date, except as otherwise specifically provided herein, for good and valuable consideration, including in the case of the Lenders, the funding of the Chapter 11 Cases pursuant to the Cash Collateral Order, the funding to be provided by the Lenders under the Plan, and the obligations and undertakings of the Lenders set forth in the Plan; and in the case of the D&O Releasees and the Committee Releasees, the service of the D&O Releasees and the Committee Releasees to facilitate the expeditious reorganization of the Debtors and the implementation of the restructuring contemplated by the Plan, each Holder of a Claim (a) who has accepted or is deemed to accept the Plan or (b) who may be entitled to receive a distribution of property in connection with the Plan (in each case regardless of whether a proof of claim was filed, whether or not Allowed and whether or not the Holder of such claim has voted on the Plan) shall be deemed to have unconditionally released the D&O Releasees, the Bank Releasees and the Committee Releasees from any and all Claims (as defined in section 101(5) of the Bankruptcy Code), obligations, rights, suits, damages, causes of action, remedies and liabilities whatsoever, including any derivative claims on behalf of Debtor, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, that such Person would have been legally entitled to assert (whether individually or collectively), based in whole or in part upon any act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date in any way relating or pertaining to (w) the purchase or sale, or the rescission of a purchase or sale, of any security of Debtor, (x) the Debtor or Reorganized Teligent, (y) the Chapter 11 Cases, or (z) the negotiation, formulation and preparation of the Plan, or any related agreements, instruments or other documents; except that nothing herein shall be deemed a release of any claims or causes of action held by the Lenders with respect to or arising as a result of, loans made under the Prepetition Credit Agreement after October 1, 2000.

*D. Injunction.* As of the Confirmation Date, except as provided in the Plan or the Confirmation Order, all Persons that have held, currently hold or may hold a Claim or other debt or liability, or Equity Interest that is addressed in the Plan are permanently enjoined from taking any of the following actions on account of any such Claims, debts, interests or liabilities, other than actions brought to enforce any rights or obligations under the Plan: (i) commencing or continuing in any manner any action or other proceeding against the Debtors, Reorganized Teligent, the Releasees or their respective properties; (ii) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order against the Debtors, Reorganized Teligent, the Releasees or their respective properties; (iii) creating, perfecting or enforcing any lien or encumbrance against the Debtors, Reorganized Teligent, the Releasees or their respective properties; (iv) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to the Debtors, Reorganized Teligent, the Releasees or their respective properties, and (v) commencing or continuing, in any manner or any place, any action that does not comply with or is inconsistent with the provisions of the Plan or the Confirmation Order.

**ARTICLE XII**  
**MISCELLANEOUS PROVISIONS**

*A. Title to Assets.* Except as otherwise provided by the Plan, on the Effective Date, title to all Property shall vest in Reorganized Teligent free and clear of all claims, security interests, liens and equity interests in accordance with section 1141 of the Bankruptcy Code.

*B. Payment of Statutory Fees.* All fees payable under 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the hearing under section 1128 of the Bankruptcy Code, shall be paid on or before the Effective Date.

*C. No Transfer Taxes.* Pursuant to section 1146 of the Bankruptcy Code, the issuance, transfer or exchange of any security under the Plan, or the making or delivery of an instrument to transfer under the Plan, may not be taxed under any law imposing a stamp or similar tax.

*D. Section 1145 Exemption.* To the maximum extent provided by section 1145 of the Bankruptcy Code and applicable nonbankruptcy laws, the issuance of the New Teligent Common Stock shall be exempt from registration under the Securities Act of 1933, as amended.

*E. Exculpation.* The Debtor, Reorganized Teligent, the D&O Releasees, the Bank Releasees and the Creditors Committee Releasees, and their respective members and professionals (acting in such capacity) shall neither have nor incur any liability to any Person for any act taken or omitted to be taken in connection with or related to the formulation, preparation, dissemination, implementation, administration, Confirmation or Consummation of the Plan, the Disclosure Statement or any contract, instrument, release or other agreement or document created or entered into in connection with the Plan, or any act taken or omitted to be taken in connection with, in contemplation of, during or in any way related to the Chapter 11 Cases.

*F. Committee.* The Creditors' Committee shall be dissolved on the Effective Date. On such date, its members, professionals and agents shall be deemed released of their duties and obligations, and shall be without further duties or authority in connection with the Debtors, the Chapter 11 Cases, the Plan or its implementation.

*G. Headings.* Headings are used in the Plan for convenience and reference only, and shall not constitute a part of the Plan for any other purpose.

*H. Binding Effect.* The Plan shall be binding upon and inures to the benefit of the Debtors, Reorganized Teligent, the holders of Claims and Equity Interests, and their respective successors and assigns.

*I. Plan Controls.* To the extent the Plan is inconsistent with the Disclosure Statement, the provisions of the Plan shall be controlling.

*J. Revocation or Withdrawal.*

*1. Right to Revoke.* The Debtors reserve the right to revoke or withdraw the Plan prior to the Effective Date, with the Agent's consent.

*2. Effect of Withdrawal or Revocation.* If the Debtors revoke or withdraw the Plan prior to the Effective Date, or if the Effective Date does not occur, then the Plan shall be deemed null and void. In such event, nothing contained herein shall be deemed to constitute a waiver or release of any claims by or against the Debtors or any other Person or to prejudice in any manner the rights of the Debtors or any Person in any further proceedings involving the Debtors.

*K. Substantial Consummation.* On the Effective Date, the Plan shall be deemed to be substantially consummated under 11 U.S.C. §§ 1101 and 1127(b).

*L. Notices.* Any notice required or permitted to be provided under the Plan or Disclosure Statement shall be in writing and served by either (1) certified mail, return receipt requested, postage prepaid, (2) hand delivery, or (3) reputable overnight delivery service, delivery prepaid, to be addressed as follows:

1. If to the Debtors:

Teligent, Inc.  
460-Herndon Parkway  
Suite 100  
Herndon, VA 20170  
Attn: Jim Continenza  
Stuart Kupinsky

with a copy to:

Kirkland & Ellis  
153 East 53rd Street  
New York, New York 10022  
Attn: James H.M. Sprayregen, P.C.

Kirkland & Ellis  
200 East Randolph Drive  
Chicago, Illinois 60601  
Attn: Matthew N. Kleiman  
Anup Sathy

2. If to Reorganized Teligent:

Reorganized Teligent  
460-Herndon Parkway  
Suite 100  
Herndon, VA 20170  
Attn: Jim Continenza  
Stuart Kupinsky

*M. Governing Law.* Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules), the laws of the State of New York shall govern the construction and implementation of the Plan and any agreements, documents, and instruments executed in connection with the Plan.

*N. Withholding and Reporting Requirements.* In connection with the Plan and all instruments issued in connection therewith and distributions thereon, Reorganized Teligent shall comply with any withholding and reporting requirements imposed by any federal, state, local, or foreign taxing authority and all distributions hereunder shall be subject to any such withholding and reporting requirements.

Dated: May 31, 2002

Respectfully submitted,

TELIGENT, INC.

By: /s/ James V. Continenza

TELIGENT SERVICES, INC.

By: /s/ James V. Continenza

XANDU SHELL CORP. (f/k/a AMERICAN LONG LINES, INC.)

By: /s/ James V. Continenza

ASSOCIATION COMMUNICATIONS, INC.

By: /s/ James V. Continenza

AUCTEL, INC.

By: /s/ James V. Continenza

BACKLINK, L.L.C.

By: /s/ James V. Continenza

WINSTON SHELL CORP. (f/k/a EASTON TELECOM  
SERVICES, INC.)

By: /s/ James V. Continenza

QUINCY SHELL CORP. (f/k/a EXECUTIVE  
CONFERENCE, INC.)

By: /s/ James V. Continenza

FIRSTMARK COMMUNICATIONS, INC.

By: /s/ James V. Continenza

SAWYER SHELL CORP. (f/k/a INFINET  
TELECOMMUNICATIONS, INC.)

By: /s/ James V. Continenza

JTEL, L.L.C.

By: /s/ James V. Continenza

KATLINK, L.L.C.

By: /s/ James V. Continenza

OMC COMMUNICATIONS, INC

By: /s/ James V. Continenza

QUADRANGLE INVESTMENTS, INC.

By: /s/ James V. Continenza

ATLANTIS II SHELL CORP. (f/k/a  
TELECOMMUNICATIONS CONCEPTS, INC.)

By: /s/ James V. Continenza

TELIGENT COMMUNICATIONS, L.L.C.

By: /s/ James V. Continenza

TELIGENT LICENSE CO. I, L.L.C.

By: /s/ James V. Continenza

TELIGENT LICENSE CO. II, L.L.C.

By: /s/ James V. Continenza

TELIGENT OF VIRGINIA, INC.

By: /s/ James V. Continenza

TELIGENT PROFESSIONAL SERVICES, INC.

By: /s/ James V. Continenza

TELIGENT TELECOMMUNICATIONS, L.L.C.

By: /s/ James V. Continenza

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200 East Randolph Drive  
Chicago, Illinois 60601  
(312) 861-2000

Attorneys for Debtors and Debtors-in-Possession

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK**

In re

Teligent, Inc., et al.,<sup>1</sup>

Debtors.

Chapter 11

Case No. 01-12974 (SMB)

Jointly Administered

**SECOND AMENDED JOINT PLAN OF REORGANIZATION  
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

KIRKLAND & ELLIS  
Citigroup Center  
153 East 53rd Street  
New York, New York 10022  
(212) 446-4800

— and —

KIRKLAND & ELLIS  
200 East Randolph Drive  
Chicago, Illinois 60601-6636  
(312) 861-2000

ATTORNEYS FOR DEBTORS AND  
DEBTORS-IN-POSSESSION

Dated: July 10, 2002  
New York, New York

---

<sup>1</sup> The Debtors are the following entities: Teligent, Inc.; Teligent Services, Inc.; Xandu Shell Corp. (f/k/a American Long Lines, Inc.); Association Communications, Inc.; Auctel, Inc.; BackLink, L.L.C.; Winston Shell Corp. (f/k/a Easton Telecom Services, Inc.); Quincy Shell Corp. (f/k/a Executive Conference, Inc.); FirstMark Communications, Inc.; Sawyer Shell Corp. (f/k/a InfiNet Telecommunications, Inc.); JTel, L.L.C.; KatLink, L.L.C.; OMC Communications, Inc.; Quadrangle Investments, Inc.; Atlantis II Shell Corp. (f/k/a Telecommunications Concepts, Inc.); Teligent Communications, L.L.C.; Teligent License Co. I, L.L.C.; Teligent License Co. II, L.L.C.; Teligent of Virginia, Inc.; Teligent Professional Services, Inc.; and Teligent Telecommunications, L.L.C.



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Teligent, Inc.; Teligent Services, Inc.; Xandu Shell Corp. (f/k/a American Long Lines, Inc.); Association Communications, Inc.; Auctel, Inc.; BackLink, L.L.C.; Winston Shell Corp. (f/k/a Easton Telecom Services, Inc.); Quincy Shell Corp. (f/k/a Executive Conference, Inc.); FirstMark Communications, Inc.; Sawyer Shell Corp. (f/k/a InfiNet Telecommunications, Inc.); JTel, L.L.C.; KatLink, L.L.C.; OMC Communications, Inc.; Quadrangle Investments, Inc.; Atlantis II Shell Corp. (f/k/a Telecommunications Concepts, Inc.); Teligent Communications, L.L.C.; Teligent License Co. I, L.L.C.; Teligent License Co. II, L.L.C.; Teligent of Virginia, Inc.; Teligent Professional Services, Inc.; and Teligent Telecommunications, L.L.C. jointly propose the following plan of reorganization under § 11 U.S.C. 1121(a). ALL HOLDERS OF CLAIMS AND EQUITY INTERESTS ARE URGED TO READ THIS PLAN AND THE DISCLOSURE STATEMENT CAREFULLY TO EVALUATE HOW THIS PLAN WILL AFFECT THEIR CLAIMS OR EQUITY INTERESTS.

## **ARTICLE I**

### **DEFINED TERMS, RULES OF INTERPRETATION, COMPUTATION OF TIME AND GOVERNING LAW**

#### *A. Rules of Interpretation, Computation of Time and Governing Law*

1. For purposes herein: (a) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and the neuter gender; (b) any reference herein to a contract, instrument, release, indenture or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions; (c) any reference herein to an existing document or exhibit Filed, or to be Filed, shall mean such document or exhibit, as it may have been or may be amended, modified or supplemented; (d) unless otherwise specified, all references herein to Sections, Articles and Exhibits are references to Sections, Articles and Exhibits hereof or hereto; (e) the words "herein," "hereof" and "hereto" refer to the Plan in its entirety rather than to a particular portion of this Plan; (f) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation hereof; (g) the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; and (h) any term used in capitalized form herein that is not otherwise defined but that is defined in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to such term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be.

2. In computing any period of time prescribed or allowed hereby, the provisions of Bankruptcy Rule 9006(a) shall apply.

3. Except to the extent that the Bankruptcy Code or Bankruptcy Rules are applicable, and subject to the provisions of any contract, instrument, release, indenture or other agreement or document entered into in connection herewith, the rights and obligations arising hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without giving effect to the principles of conflict of laws thereof.

*B. Defined Terms.* As used in the Plan, the following terms have the meanings ascribed to them below, unless the context otherwise requires:

1. *Administrative Convenience Claim:* Any Allowed General Administrative Claim in an amount equal to or less than \$3,000.

2. *Administrative Claim:* Any cost or expense of administration of the Chapter 11 Cases allowed under section 503(b) of the Bankruptcy Code and entitled to priority in payment under section 507(a)(1) of the Bankruptcy Code, including any actual and necessary expenses of preserving the estate of any Debtor, any actual and necessary expenses of operating the business of any Debtor, and any indebtedness or obligations incurred or assumed by any Debtor during the pendency of the Chapter 11 Cases in connection with the conduct of the business of, the acquisition or lease of property by, or the rendition of services to, any Debtor.

3. *Administrative Claim Bar Date:* The deadline ordered by the Bankruptcy Court for filing certain Administrative Claims, February 20, 2002.

4. *Administrative Claim Consent Form:* That certain form approved by the Bankruptcy Court pursuant to which the Debtors seek the agreement of Holders of General Administrative Claims (other than Administrative Convenience Claims) to the treatment afforded to such Holders under the Plan.

5. *Agent:* JPMorgan Chase Bank, as administrative agent for the Lenders under the Prepetition Credit Agreement.

6. *Allowed:* Whenever in the Plan the word "Allowed" precedes a defined term describing a Claim, that phrase will mean an Allowed Claim of the type described.

7. *Allowed Claim.* Allowed Claim shall mean (a) any Claim against the Debtors, proof of which has been timely filed with the Bankruptcy Court, or which has been or hereafter is scheduled by the Debtors as liquidated in amount and not disputed or contingent and which, in either case, is a Claim as to which no objection to the allowance thereof has been filed within the applicable period of limitation for objection to Claims fixed by the Bankruptcy Court, or as to which any objection has been determined by a Final Order allowing such Claim; or (b) a Claim against a Debtor that is allowed (i) in a Final Order or (ii) under the Plan.
8. *Bank Distribution:* A distribution to the Lenders pursuant to which such Lenders will receive their Pro Rata share of 100% of the New Teligent Common Stock.
9. *Bank Releasees:* The Agent and the Lenders in their capacity as such under the Prepetition Credit Agreement or the Cash Collateral Order, together with their respective officers, directors, employees, attorneys, financial advisors, accountants, investment bankers, agents and representatives in each case in their capacity as such.
10. *Bankruptcy Code:* Title I of the Bankruptcy Reform Act of 1978, as amended, set forth in title 11, sections 101 *et seq.*, of the United States Code.
11. *Bankruptcy Court:* The United States Bankruptcy Court for the Southern District of New York, or, if such court ceases to exercise jurisdiction over the Chapter 11 Cases, the court that exercises jurisdiction over the Chapter 11 Cases.
12. *Bankruptcy Rules:* The Federal Rules of Bankruptcy Procedure promulgated under 28 U.S.C. § 2076, as amended from time to time, and the local rules of the Bankruptcy Court.
13. *Business Day:* Any day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close.
14. *Cash Collateral Order:* That certain Final Order (I) Authorizing the Use of Lenders' Cash Collateral and (II) Granting Adequate Protection Pursuant to 11 U.S.C. §§ 361 and 363, entered by the clerk of the Bankruptcy Court on June 13, 2001 (as amended or modified).
15. *Chapter 5 Causes of Action:* Any and all of any Debtor's rights, claims, or causes of action under sections 542, 544, 545, 547, 548, 549, 550 and 552(b) of the Bankruptcy Code, whether known or unknown, in law, equity or otherwise, except to the extent waived or retained by the Debtors during the Chapter 11 Cases or pursuant to the Plan.
16. *Chapter 11 Cases:* Collectively, the cases under Chapter 11 of the Bankruptcy Code, commenced by the Debtors, and styled "In re Teligent, Inc., et al.," case numbers 01-12974 to 01-12981, 01-12983, 01-12985, 01-12986, 01-12989-01 to 12991, 01-12993, 01-12994, 01-12991, 01-12999 and 01-13002 to 01-13004, respectively, jointly administered for administrative purposes only under case number 01-12974.
17. *Claim:* Any right to (a) payment from any Debtor, whether or not such right is reduced to a judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured or (b) an equitable remedy for breach of performance if such breach gives rise to a right of payment from any Debtor, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, disputed, undisputed, secured or unsecured.
18. *Claim Fund:* The fund to be established by Reorganized Teligent on the Effective Date in the amount of \$4,000,000 for the purpose of distributing payments to Holders of General Administrative Claims, Administrative Convenience Claims, Priority Tax Claims, Other Priority Claims and Priority Convenience Claims that are Allowed pursuant to the Plan; provided that the amount of the Claim Fund shall be reduced by any payments made by the Debtors after the Administrative Claims Bar Date to compromise such Claims that would otherwise be subject to the Plan.
19. *Committee Releasees:* The Creditors' Committee, members of the Creditors' Committee, together with their officers, directors, employees, attorneys, financial advisors, accountants, investment bankers, agents and representatives in each case in their capacity as such.
20. *Confirmation Date:* The date upon which the clerk of the Bankruptcy Court enters the Confirmation Order on the legal docket maintained by the clerk's office.
21. *Confirmation Order:* An order of the Bankruptcy Court confirming the Plan in accordance with the provisions of Chapter 11 of the Bankruptcy Code.
22. *Consummation:* The occurrence of the Effective Date.
23. *Contingent Claim:* Any Claim that is contingent or unliquidated. Wherever in the Plan the word "Contingent" precedes a defined term describing a Claim within a particular class, that phrase will mean a Contingent Claim of the type described in such class.
24. *Convenience Claims:* All Administrative Convenience Claims and Priority Convenience Claims.
25. *Creditor:* Any Person that holds a Claim against any Debtor.

26. *Creditors' Committee*: The committee of unsecured creditors appointed by the United States Trustee in the Chapter 11 Cases.

27. *D&O Releasees*: All officers, directors, employees, attorneys, financial advisors, accountants, investment bankers, agents and representatives of the Debtors and their subsidiaries, but in each case only in their capacity as such and only if serving in such capacity on May 21, 2002 and the Effective Date; provided that any such party serving in such capacity on May 21, 2002 but who is terminated without cause prior to the Effective Date shall still be considered a "D&O Releasee" hereunder.

28. *Debtor*: The Debtors are the following entities: Teligent, Inc.; Teligent Services, Inc.; Xandu Shell Corp. (f/k/a American Long Lines, Inc.); Association Communications, Inc.; Auctel, Inc.; BackLink, L.L.C.; Winston Shell Corp. (f/k/a Easton Telecom Services, Inc.); Quincy Shell Corp. (f/k/a Executive Conference, Inc.); FirstMark Communications, Inc.; InfiNet Telecommunications, Inc.; JTel, L.L.C.; KatLink, L.L.C.; OMC Communications, Inc.; Quadrangle Investments, Inc.; Atlantis II Shell Corp. (f/k/a Telecommunications Concepts, Inc.); Teligent Communications, L.L.C.; Teligent License Co. I, L.L.C.; Teligent License Co. II, L.L.C.; Teligent of Virginia, Inc.; Teligent Professional Services, Inc.; and Teligent Telecommunications, L.L.C.

29. *Debtor in Possession*: Each of the Debtors, as a debtor in possession.

30. *Disclosure Statement*: The Disclosure Statement, dated July 10, 2002, describing the Plan, as amended, supplemented, or modified from time to time, prepared and distributed in accordance with sections 1125 and 1126(b) of the Bankruptcy Code and Bankruptcy Rule 3018.

31. *Disputed Claim*: Any Claim within a particular class against any Debtor (i) that such Debtor has scheduled as unliquidated, disputed, or contingent, (ii) to which a party in interest has objected, or (iii) that has not become an Allowed Claim. Wherever in the Plan the word "Disputed" precedes a defined term describing a Claim, that phrase will mean a Disputed Claim of the type described.

32. *Effective Date*: The first Business Day to occur after the conditions to the Effective Date set forth in Article VIII are met or waived in accordance with that Article; or such later date designated by the Debtors and the Agent.

33. *Equity Interest*: Any equity interest in a Debtor represented by, related to, or arising from stock, options, warrants or other instruments in any Debtor.

34. *Filed*: "File" or "Filed" means file or filed with the Bankruptcy Court in the Chapter 11 Cases.

35. *Final Order*: An order that has not been reversed or stayed, is no longer subject to appeal, *certiorari* proceeding or other proceeding for review, reargument, or rehearing, and as to which no appeal, *certiorari* proceeding, or other proceeding for review, reargument, or rehearing has been requested or is then pending and the time to file any such appeal, *certiorari* proceeding or other proceeding for review, reargument, or rehearing has expired or as to which any right to appeal, petition for *certiorari*, reargue, or seek rehearing shall have been waived in writing in form and substance satisfactory to the Debtors and the Agent.

36. *Funds*: The Claim Fund, the Professional Fee Reserve Fund and the Unsecured Claim Fund.

37. *General Administrative Claim*: Any Administrative Claim other than a Professional Fee Claim, and subject to the Administrative Claims Bar Date or any subsequent bar date with respect to such Claims.

38. *General Unsecured Claim*: Any Claim against any Debtor, other than a General Administrative Claim, a Prepetition Lender Superpriority Administrative Claim, a Professional Fee Claim, a Priority Claim, a Prepetition Lender Secured Claim, or an Other Secured Claim.

39. *Holders*: Any Person owning a Claim or Equity Interest.

40. *Insurance Policy*: Any policy of insurance and any agreements relating thereto that may be available to provide coverage for Claims against a Debtor.

41. *Lenders*: The several banks and other financial institutions from time to time party to the Prepetition Credit Agreement.

42. *New Teligent Bylaws*: Those certain by-laws of Reorganized Teligent which will be filed with the Secretary of State of the State of Delaware, the form of which shall be included in the Plan Supplement.

43. *New Teligent Charter*: That certain Certificate of Incorporation which will be filed with the Secretary of State of the State of Delaware, the form of which shall be included in the Plan Supplement.

44. *New Teligent Common Stock*: The new common stock of Teligent, Inc. issued pursuant to the Plan on the Effective Date to the Lenders. The New Teligent Common Stock shall consist of authorized shares of new common stock of Teligent, Inc., \$0.001 par value per share. Pursuant to Section III.B.4 of the Plan, such shares shall be issued and distributed only to the Lenders, which shares shall be duly authorized, fully paid and nonassessable shares of capital stock of Teligent, Inc. The remaining authorized shares not issued to the Lenders

shall be reserved for future corporate purposes as determined by the Board of Directors of Reorganized Teligent subject to the New Teligent Charter and the Stockholders Agreement.

45. *Old Equity Interests*: The common and preferred stock of the Debtors and any option, warrant instrument or right, contractual or otherwise, to acquire any such interest.

46. *Other Priority Claim*: Any Claim against any Debtor to the extent entitled to priority in payment under sections 507(a)(3)-(7) or section 507(a)(9) of the Bankruptcy Code.

47. *Other Secured Claim*: Any Secured Claim other than a Prepetition Lender Secured Claim.

48. *Person*: Any individual, corporation, partnership, association, joint stock Debtors, joint venture, estate, trust, unincorporated organization or governmental unit or subdivision thereof or other entity.

49. *Petition Date*: The date on which each of the Debtors commenced the Chapter 11 Cases, May 21, 2001.

50. *Plan*: This joint plan of reorganization under Chapter 11 of the Bankruptcy Code, as it may be amended, supplemented, or modified in accordance with the terms hereof from time to time.

51. *Plan Supplement*: A separate volume of documents, including the Stockholders Agreement, to be filed with the Bankruptcy Court.

52. *Post Petition Loans*: The term "Post Petition Loans" shall have the same meaning as set forth in paragraph 4(a) of the Cash Collateral Order.

53. *Prepetition Credit Agreement*: The Credit Agreement dated as of July 2, 1998 among Teligent, Inc., the Lenders and the Agent, as amended, modified and supplemented from time to time through and including the Petition Date, and inclusive of all collateral, guarantee and other documents executed in connection therewith.

54. *Prepetition Lender Secured Claims*: Collectively, all Secured Claims against any Debtor arising from, under or with respect to the Prepetition Credit Agreement.

55. *Prepetition Lender Superpriority Administrative Claims*: Collectively, all Administrative Claims of the Lenders arising from, under or with respect to the Cash Collateral Order.

56. *Priority Claim*: A Priority Tax Claim or an Other Priority Claim.

57. *Priority Claim Consent Form*: That certain form approved by the Bankruptcy Court pursuant to which the Debtors seek the agreement of Holders of Priority Claims (other than Priority Convenience Claims) to the treatment afforded to such Holders under the Plan.

58. *Priority Convenience Claim*: Any Allowed Priority Claim in an amount equal to or less than \$3,000.

59. *Priority Tax Claim*: Any Claim against any Debtor to the extent entitled to priority in payment under section 507(a)(8) of the Bankruptcy Code.

60. *Professional Fee Claim*: Any Claim of a professional retained under the Bankruptcy Code subject to allowance under 11 U.S.C. § 328, § 330 or an order of the Bankruptcy Court.

61. *Professional Fee Reserve Fund*: A reserve to be established on the Effective Date by Reorganized Teligent to pay the Professional Fee Claims allowed by a Final Order of the Bankruptcy Court in an amount equal to (i) the amount of Professional Fee Claims incurred by the Debtors in the Chapter 11 Cases less (ii) the amount of Professional Fee Claims paid prior to the Effective Date pursuant to a Bankruptcy Court order; provided that any amount not so paid on account of Professional Fee Claims shall revert to Reorganized Teligent.

62. *Property*: All of the Debtors' property, whether tangible or intangible, and without limitation, any and all real or personal property, including all cash and cash equivalents, licenses, certifications, tax refunds, accounts receivable, stock in subsidiaries that are not Debtors, inventory, causes of action (other than the Chapter 5 Causes of Action) and equipment.

63. *Pro Rata*: With respect to distributions on Claims, proportionately, so that the ratio of the amount of consideration (and each form thereof) distributed on account of an Allowed Claim to the amount of the Allowed Claim is the same as the ratio of the amount of consideration (and each form thereof) distributed on account of all Allowed Claims to the amount of all Allowed Claims.

64. *Releasees*: The D&O Releasees, the Bank Releasees and the Committee Releasees.

65. *Reorganized Teligent*: On the Effective Date, means Teligent, Inc., and its subsidiaries – Teligent Services, Inc. and Teligent of Virginia.

66. *Secured Claim*: Any Claim that is secured by a lien on property in which any of the Debtors has an interest, which lien is valid, perfected and enforceable under applicable law, to the extent of the value of the Claim Holder's interest in the Debtors' interest in such property, as determined pursuant to section 506 of the Bankruptcy Code.



67. *Stockholders Agreement:* That certain agreement by and among Reorganized Teligent and the Lenders, as the Holders of the New Teligent Common Stock.

68. *Stockholder Committee:* The Lenders who shall serve on the stockholder committee pursuant to the Stockholders Agreement, with the Agent being appointed initially as the chair of such Committee.

69. *Unsecured Claim Estate Representative:* That Person appointed by the Creditors Committee to be the estate representative pursuant to section 1123(b)(3) of the Bankruptcy Code to pursue the Chapter 5 Causes of Action and determine the validity, priority and amount of the General Unsecured Claims; provided, however, that if the Creditors' Committee does not designate such Person by the Confirmation Date, the Debtors shall designate the Unsecured Claim Estate Representative.

70. *Unsecured Claim Fund:* On the Effective Date, Reorganized Teligent will transfer an amount equal to \$300,000 to the Unsecured Claim Estate Representative to be used by such party to discharge its responsibilities under the Plan.

71. *Voting Deadline:* The deadline for Holders of Class 4 Claims to cast ballots to vote to accept or reject the Plan, as may be extended by the Debtors.

C. *Exhibits.* All exhibits to the Plan are incorporated into and are a part of the Plan as if set forth in full herein.

## ARTICLE II PROVISIONS FOR PAYMENT OF ADMINISTRATIVE EXPENSE CLAIMS AND PRIORITY TAX CLAIMS

**The Debtors believe that if the Plan is not confirmed, the Debtors may be required to convert the Chapter 11 Cases to chapter 7. In this event, Holders of all Claims described in this Article (other than the Lenders) will likely receive no recovery on account of their Claims.**

A. *General Administrative Claims.* Except as set forth below, on the later to occur of (i) 90 days after the Effective Date and (ii) the date on which such Claim shall become an Allowed Claim, Reorganized Teligent shall either (a) pay to each Holder of an Allowed General Administrative Claim a Pro Rata distribution based on the amount of available cash in the Claim Fund, after the establishment of an appropriate reserve from the Claim Fund for Disputed Claims and payments of Allowed Convenience Claims, and thereafter make periodic cash payments as set forth in the next sentence, or (b) satisfy and discharge such General Administrative Claim in accordance with such other terms as may be agreed upon by and between the Holder thereof and Reorganized Teligent (acting with consent of the Agent). As often as reasonably practicable thereafter, in the sole discretion of Reorganized Teligent, after the establishment or maintenance of an appropriate reserve from the Claim Fund for Disputed Claims, Reorganized Teligent shall make additional periodic cash distributions to Holders of Allowed General Administrative Claims on a Pro Rata basis until the earlier of the date that (i) such Claims are paid in full and (ii) the Claim Fund has been exhausted.

Holders of Administrative Convenience Claims shall be paid their Allowed Claims in full in cash on or as soon as practicable after the Effective Date. Any such payments shall be made from the Claim Fund. Any Holder of a General Administrative Claim that is not an Administrative Convenience Claim who has elected pursuant to the Administrative Claim Consent Form to reduce its General Administrative Claim such that it would be considered an Administrative Convenience Claim shall be paid its Allowed General Administrative Claim or \$3,000, whichever is lesser. The right to elect to reduce a General Administrative Claim to an Administrative Convenience Claim shall expire on the Voting Deadline.

**At the hearing to confirm the Plan, Debtors will ask the Court to hold that the failure to return the Administrative Claim Consent Form or to object to confirmation of the Plan by a Holder of a General Administrative Claim prior to August 7, 2002 shall be deemed to be such Holder's consent and agreement to receive treatment for such Claim that is different from that set forth in 11 U.S.C. § 1129(a)(9), which otherwise requires payment in full in cash. If an administrative creditor objects to confirmation of the Plan asserting that it is entitled to payment in full under section 1129(a)(9) of the Bankruptcy Code, the Debtors may not be able to confirm the Plan, in which case all Holders of Administrative Claims will likely not receive any distributions on account of their claims.**

B. *Prepetition Lender Superpriority Administrative Claims.* On account of the Prepetition Lender Superpriority Administrative Claims all of which Claims are Allowed pursuant to the Plan and the Prepetition Lender Secured Claims all of which Claims are Allowed pursuant to the Plan, the Prepetition Lenders shall receive and retain the Bank Distribution.

C. *Priority Tax Claims.* Except as set forth below, on the later to occur of (i) 90 days after the Effective Date and (ii) the date on which such Claim shall become an Allowed Claim, Reorganized Teligent shall either (a) pay to

each Holder of an Allowed Priority Tax Claim a Pro Rata distribution based on the amount of available cash in the Claim Fund, after the establishment of an appropriate reserve from the Claim Fund for Disputed Claims and payments of Allowed Convenience Claims, and thereafter make periodic cash payments as set forth in the next sentence, or (b) satisfy and discharge such Allowed Priority Tax Claim in accordance with such other terms as may be agreed upon by and between the Holder thereof and Reorganized Teligent (acting with the consent of the Agent). As often as reasonably practicable thereafter, in the sole discretion of Reorganized Teligent, after the establishment or maintenance of an appropriate reserve from the Claim Fund for Disputed Claims, Reorganized Teligent shall make additional periodic cash distributions to Holders of Allowed Priority Tax Claims until the earlier of the date that (1) such Claims are paid in full and (2) the Claim Fund has been exhausted.

Holders of Priority Tax Claims that are Priority Convenience Claims shall be paid their Allowed Claims in full in cash on or as soon as practicable after the Effective Date. Any such payments shall be made from the Claim Fund. Any Holder of a Priority Tax Claim that is not a Priority Convenience Claim who has elected pursuant to the Priority Claim Consent Form to reduce its Priority Tax Claim such that it would be considered a Priority Convenience Claim shall be paid its Allowed Priority Tax Claim or \$3,000, whichever is lesser. The right to elect to reduce a Priority Tax Claim to a Priority Convenience Claim shall expire on the Voting Deadline.

**At the hearing to confirm the Plan, the Debtors will ask the Court to hold that the failure to return the Priority Claim Consent Form or to object to confirmation prior to any deadline set by the Bankruptcy Court of the Plan by a Holder of a Priority Tax Claim shall be deemed to be such Holder's consent and agreement to receive treatment for such Claim that is different from that set forth in 11 U.S.C. § 1129(a)(9), which otherwise requires deferred payments in full. If a priority creditor objects to confirmation of the Plan asserting that it is not entitled to payment in full under section 1129(a)(9) of the Bankruptcy Code, the Debtors may not be able to confirm the Plan, in which case all Holders of Priority Claims, including Priority Tax Claims, will likely not receive any distribution on account of their claims.**

*D. Paid Administrative Claims:* Except as otherwise set forth herein, all payments made on account of Administrative Claims prior to the Effective Date shall be final and not subject to disgorgement.

### ARTICLE III CLASSIFICATION AND TREATMENT OF CLASSIFIED CLAIMS AND EQUITY INTERESTS

**The Debtors believe that if the Plan is not confirmed, the Debtors may be required to convert the Chapter 11 Cases to chapter 7. In this event, Holders of all Claims described in this Article (other than the Lenders) will likely receive no recovery on account of their Claims.**

*A. Summary.* The categories of Claims and Equity Interests listed below classify Claims and Equity Interests for all purposes, including, voting, confirmation and distribution pursuant to the Plan and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or Equity Interest shall be deemed classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that any remainder of such Claim or Equity Interest qualifies within the description of such different Class. A Claim or Equity Interest is in a particular Class only to the extent that such Claim or Equity Interest is Allowed in that Class and has not been paid or otherwise settled prior to the Effective Date.

Class	Status
Class 1 - Other Priority Claims	Impaired - deemed to reject the Plan and, therefore, not entitled to vote
Class 2 - Priority Convenience Claims	Unimpaired - not entitled to vote
Class 3 - Other Secured Claims	Impaired - deemed to reject the Plan and, therefore, not entitled to vote
Class 4 - Prepetition Lender Secured Claims	Impaired - entitled to vote
Class 5 - General Unsecured Claims	Impaired - deemed to reject the Plan and, therefore, not entitled to vote
Class 6 - Old Equity Interests	Impaired - deemed to reject the Plan and, therefore, not entitled to vote

*B. Classification and Treatment.*

*1. Class 1 - Other Priority Claims.*

(a) Classification: Class 1 consists of all Other Priority Claims.

(b) Treatment: Except as set forth below, on the later to occur of: (a) 90 days after the Effective Date and (b) the date on which such Claim shall become an Allowed Claim, Reorganized Teligent shall either (i) pay to each Holder of an Allowed Other Priority Claim a Pro Rata distribution based on the amount of cash in the Claim Fund, after the establishment of an appropriate reserve from the Claim Fund for Disputed Claims and payments of Allowed Convenience Claims, and thereafter make periodic cash payments as set forth in the next sentence, or (ii) satisfy and discharge such Allowed Other Priority Claim in accordance with such other terms as may be agreed upon by and between the Holder thereof and Reorganized Teligent acting with the consent of the Agent. As often as reasonably practicable thereafter, in the sole discretion of Reorganized Teligent, after the establishment or maintenance of an appropriate reserve from the Claim Fund for Disputed Claims, Reorganized Teligent shall make additional periodic cash distributions to Holders of Allowed Other Priority Claims until the earlier of the date that (a) such Claims are paid in full and (b) the Claim Fund has been exhausted.

Holders of Other Priority Claims that are Priority Convenience Claims shall be paid their Allowed Claims in full in cash on or as soon as practicable after the Effective Date. Any such payments shall be made from the Claim Fund. Any Holder of an Other Priority Claim that is not a Priority Convenience Claim who has elected pursuant to the Priority Claim Consent Form to reduce its Other Priority Claim such that it would be considered a Priority Convenience Claim shall be paid its Allowed Other Priority Claim or \$3,000, whichever is lesser. The right to elect to reduce an Other Priority Claim to a Priority Convenience Claim shall expire on the Voting Deadline.

Voting: Class 1 is impaired. Holders of Other Priority Claims in Class 1 are deemed to reject the Plan, and are therefore, not entitled to vote to accept or reject the Plan. **At the hearing to confirm the Plan, the Debtors will ask the Court to hold that the failure to return the Priority Consent Form or to object to confirmation of the Plan by a Holder of an Other Priority Claim prior to any deadline set by the Bankruptcy Court shall be deemed to be such Holder's consent and agreement to receive treatment for such Claim that is different from that set forth in 11 U.S.C. § 1129(a)(9), which otherwise requires payment in full.**

2. *Class 2 - Priority Convenience Claims.*

(a) Classification: Class 2 consists of all Priority Convenience Claims.

(b) Treatment: On the later to occur of (a) 90 days after the Effective Date and (b) the date on which such Claim shall become an Allowed Claim, Reorganized Teligent shall pay each Holder of a Priority Convenience Claim such Holder's Allowed Claim in full in cash; provided that any Holder of a Priority Claim who has elected pursuant to the Priority Claim Consent Form to be treated as a Priority Convenience Claim shall be paid as set forth herein.

(c) Voting: Class 2 is deemed unimpaired.

3. *Class 3 - Other Secured Claims.*

(a) Classification: Class 3 consists of all Other Secured Claims. For purposes of voting and distribution, each Holder of an Other Secured Claim shall be deemed to be classified in a separate subclass of Class 3.

(b) Treatment: Each Holder, if any, of an allowed Other Secured Claim will (i) be paid such Holder's Allowed Other Secured Claim in full in cash; (ii) be paid the sale or disposition proceeds of the property securing such Allowed Other Secured Claim, to the extent of the value of the Debtors' interest in such property; (iii) receive the property securing such Claim; or (iv) be paid such other distributions as necessary to satisfy the requirements of the Bankruptcy Code. The election of the treatment for each such Holder will be made by Reorganized Teligent (acting with the consent of the Agent).

(c) Voting: Class 3 is impaired. Holders of Other Secured Claims in Class 3 are deemed to reject the Plan, and therefore not entitled to vote to accept or reject the Plan.

4. *Class 4 - Prepetition Lender Secured Claims*

(a) Classification: This Class will consist of the Prepetition Lender Secured Claims.

(b) Treatment: The Lenders shall receive the Bank Distribution on account of the Prepetition Lender Secured Claims and the Prepetition Lender Superpriority Administrative Claims. The Lenders shall retain any payments made after the Petition Date on account of the Postpetition Loans. Each Holder of a Prepetition Lender Secured Claim or a Prepetition Lender Superpriority Administrative Claim shall on the Effective Date automatically, regardless of whether such Lender votes to accept or reject the Plan or executes the Stockholders Agreement, become a party to the Stockholders Agreement, unless such Holder votes to reject the Plan and declines to accept the shares of New Teligent Common Stock to which such Holder would otherwise be entitled.

(c) Voting: Class 4 is impaired, Holders of Claims in Class 4 are entitled to vote to accept or reject the Plan.

5. *Class 5 - General Unsecured Claims.*

(a) *Classification:* This Class will consist of all claims other than General Administrative Claims, Professional Fee Claims, Prepetition Lender Superpriority Administrative Claims, Priority Tax Claims, Other Priority Claims, Other Secured Claims or Prepetition Lender Secured Claims. The General Unsecured Claims of the Prepetition Lenders will be fixed and Allowed at \$600,000,000.

(b) *Treatment:* On the Effective Date, the Chapter 5 Causes of Action and the Unsecured Claim Fund will be transferred to the Unsecured Claims Estate Representative. Any proceeds from the Chapter 5 Causes of Action will be used first to reimburse Reorganized Teligent for the Unsecured Claim Fund. Any remaining proceeds will be distributed Pro Rata to holders of Allowed Class 5 Claims. In consideration for the Creditors' Committee support of the Plan, the Lenders have made this portion of their recovery available to Holders of Allowed Unsecured Claims.

(c) *Voting.* Class 5 is impaired. Because Holders of Claims in Class 5 will be deemed to receive no distribution under the Plan (other than the distribution being made available by the Lenders from the Lenders' recovery), the Class will be deemed to have voted to reject the Plan.

6. *Class 6 - Old Equity Interests.*

(a) *Classification:* Class 6 includes all Old Equity Interests.

(b) *Treatment:* Holders shall not retain or receive any property under the Plan. All such Old Equity Interests will be canceled and extinguished.

(c) *Voting:* Class 6 is impaired. Because holders of Old Equity Interests in Class 6 will receive no distribution under the Plan, Class 6 will be deemed to have voted to reject the Plan.

#### ARTICLE IV

##### ACCEPTANCE OR REJECTION OF THE PLAN

A. *Voting Class.* Each Holder of an Allowed Claim in Class 4 shall be entitled to vote to accept or reject the Plan.

B. *Acceptance by Impaired Classes of Claims.* Class 4 shall have accepted the Plan if (i) the Holders (other than any Holder designated under section 1126(e) of the Bankruptcy Code) of at least two-thirds in amount of the Allowed Claims actually voting in such class have voted to accept the Plan and (ii) more than one-half in number of the Holders (other than any Holder designated under section 1126(c) of the Bankruptcy Code) of such Allowed Claims actually voting in such class have voted to accept the Plan.

C. *Presumed Acceptance of Plan.* Class 2 is deemed unimpaired under the Plan, and therefore, is deemed to accept the Plan under section 1126(f) of the Bankruptcy Code.

D. *Presumed Rejection of Plan.* Classes 1, 3, 5 and 6 are deemed to reject the Plan under section 1126(g) of the Bankruptcy Code.

E. *Nonconsensual Confirmation.* The Debtors reserve the right to request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code with respect to Classes 1, 3, 5 and 6. In the event that Holders of Claims in Class 4 fail to accept the Plan, the Debtors reserve the right, with the Agent's consent, to modify the Plan.

#### ARTICLE V

##### TREATMENT OF DISPUTED CLAIMS

A. *Objections to and Estimation of Claims; Prosecution of Disputed Claims.* Reorganized Teligent will be authorized and empowered to resolve consensually (and without the need for Bankruptcy Court approval) any disputes regarding the amount of any Convenience Claim, General Administrative Claim, Priority Claim, or Other Secured Claim. Nevertheless, Reorganized Teligent may, with the Agent's consent, file with the Bankruptcy Court (or any other court of competent jurisdiction) an objection to the allowance of any General Administrative Claim, Priority Claim or Other Secured Claim, or any other appropriate motion or adversary proceeding with respect thereto. In addition, Reorganized Teligent may, at any time, request that the Bankruptcy Court estimate any Contingent General Administrative, Priority or Other Secured Claim under section 502(c) of the Bankruptcy Code, regardless of whether a Debtor has previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any Contingent Claim, that estimated amount will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, Reorganized Teligent may elect to pursue any supplemental proceedings to object to any ultimate payment on such Claim. All of the

aforementioned Claims objection, estimation and resolution procedures are cumulative and are not necessarily exclusive of one another. General Administrative, Priority or Other Secured Claims may be estimated and thereafter resolved by any permitted mechanism. The Unsecured Claim Estate Representative shall have the same rights and powers with respect to the Unsecured Claims, which rights shall be exclusively vested in the Unsecured Claim Estate Representative.

*B. Reserve for Disputed Claims.* Reorganized Teligent shall reserve in the Claim Fund for the benefit of each holder of a Disputed General Administrative or Priority Claim (whether or not such Claim is a Convenience Claim), cash in an amount equal to the distributions that would have been made to the Holder of such Disputed Claim under the Plan if it were an Allowed Claim in an amount equal to the greater of (i) the amount listed in the Debtors' schedules, (ii) the amount set forth in a proof of claim filed with the Bankruptcy Court or (iii) the amount as estimated by the Bankruptcy Court under section 502(c) of the Bankruptcy Code. Such amount so reserved shall constitute the maximum amount of distribution to which a Holder of a Disputed General Administrative or Priority Claim may ultimately become entitled.

*C. Payments and Distributions on Disputed Claims.* Notwithstanding any other provision in the Plan, no distributions will be made with respect to a Disputed Claim until the resolution of such dispute by settlement or Final Order. As soon as practicable after a Disputed Claim becomes an Allowed Claim, the Holder of such Allowed Claim will receive all distributions to which such Holder is then entitled under the Plan, any Person who holds both an Allowed Claim and a Disputed Claim will receive the appropriate distribution on the Allowed Claim, although no distribution will be made on the Disputed Claim until such dispute is resolved by settlement or Final Order.

*D. Bar Date for Professional Claims.* Persons requesting compensation or reimbursement of expenses pursuant to section 328 or 330 of the Bankruptcy Code for services rendered before the Confirmation Date shall file with the Bankruptcy Court and serve on Reorganized Teligent and the Agent and the U.S. Trustee an application for final allowance of compensation and reimbursement of expenses no later than 60 days after the Effective Date; provided, however, that any professional or other Person that fails to file and serve a timely application for final allowance of compensation and reimbursement of expenses shall be forever barred from asserting such Claims against the Debtors or Reorganized Teligent, who shall be discharged from such Claims and shall not be obligated to pay such Claims; provided further, that any professional employed by Reorganized Teligent may receive compensation and reimbursement of expenses for services rendered after the Confirmation Date, without an order of the Bankruptcy Court.

## **ARTICLE VI PLAN IMPLEMENTATION**

The Debtors will emerge from chapter 11 and continue to exist as Reorganized Teligent. All of the Property of the Debtors (including operating assets of the fixed wireless and resale business, licenses, certifications, cash, intangible assets, litigation claims (other than Chapter 5 Causes of Action), receivables and other assets) other than the Claim Fund, the Chapter 5 Causes of Action and the Unsecured Claim Fund will be vested in and become property of Reorganized Teligent.

*A. Substantive Consolidation.* The Plan contemplates and is predicated upon the substantive consolidation of the estates of the Debtors into a single entity for purposes of confirmation, consummation and Plan implementation. Accordingly, the Confirmation Order shall provide that on the Effective Date, except for Reorganized Teligent, (i) each of the Debtors will be deemed to have dissolved or otherwise terminated its existence following the Effective Date; (ii) all inter-Debtor Claims by and among the Debtors will be released and waived; (iii) all assets and all proceeds thereof and all liabilities, of any and all of the Debtors, will be merged or created as though they were the assets or liabilities jointly of all Debtors; (iv) any obligation of any of the Debtors and all guarantees thereof executed by any of the Debtors will be deemed to be a single obligation of the Debtors; (v) any Claims filed or to be filed in connection with any such obligation and any such guarantees will be deemed one Claim against the Debtors; and (vi) every Claim filed or to be filed in the individual Chapter 11 Case of any of the Debtors will be deemed one Claim filed against the Debtors. Notwithstanding the foregoing, the Debtors' rights of recovery against any Person other than a Debtor with respect to any assets and the rights of any party with a security interest in the Debtors' property shall not be prejudiced by such consolidation.

*B. Distributions Under the Plan.*

*1. Reorganized Teligent.* Reorganized Teligent shall make all distributions to Holders of Allowed General Administrative Claims, Administrative Convenience Claims, Professional Fee Claims, Priority Claims, Priority Convenience Claims, Other Secured Claims, Prepetition Lender Superpriority Administrative Claims and Prepetition Lender Secured Claims provided for in the Plan in the manner set forth herein. For purposes of

distributions from the Claim Fund, General Administrative Claims and Priority Claims shall be treated equally, regardless of their legal priorities under the Bankruptcy Code.

2. *Unsecured Claim Estate Representative:* The Unsecured Claim Estate Representative shall make distributions to Holders of Allowed Unsecured Claims in the manner set forth herein.

3. *Transfer to Reorganized Teligent.* On the Effective Date, all of the Debtors' Property shall vest with Reorganized Teligent free and clear of all Claims and Equity Interests of Creditors and other Persons, except for the rights to distribution afforded to such Creditors under the Plan. In consideration of these transfers, Reorganized Teligent shall make the distributions required under the Plan in accordance with the Plan's terms. The total recovery for all Holders of General Administrative Claims, Administrative Convenience Claims, Priority Tax Claims, Priority Convenience Claims and Other Priority Claims shall be limited to distributions from the Claim Fund pursuant to the terms of the Plan. After the Effective Date, Reorganized Teligent shall have no liability to Holders of Claims or Equity Interest other than as provided for in the Plan.

4. *Investments.* Cash held by Reorganized Teligent in any Fund shall be maintained in United States dollars or shall be invested by Reorganized Teligent in (i) direct obligations of, or obligations guaranteed by, the United States of America, (ii) obligations of any agency or corporation which is or may hereafter be created by or pursuant to an act of Congress of the United States of America as an agency or instrumentality thereof, or (iii) such other obligations or instruments as may from time to time be permitted under section 345 of the Bankruptcy Code or as may have been authorized by an order of the Court; provided, that, Reorganized Teligent may, to the extent necessary to implement the provisions of the Plan, deposit moneys in demand deposits at any banking institution or trust having combined capital stock and surplus in excess of \$100,000,000.00 based upon its most recently available audited financial statements, regardless of whether such investments and deposits are insured. Such investments shall mature in such amounts and at such times as Reorganized Teligent shall deem appropriate to provide funds when needed to transfer funds or make distributions under the Plan.

5. *Setoffs.* Consistent with applicable law, Reorganized Teligent may, but shall not be required to, set off against any General Administrative, Priority or Other Secured Claim, and the payments to be made under the Plan in respect of such Claim, any claims of any nature whatsoever the Debtor may have against the Holder thereof, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release of any such claim Reorganized Teligent or the Debtors may have against any such Person.

6. *Cancellation of Notes, Instruments, Debentures and Equity Securities.* On the Effective Date, except to the extent provided otherwise in the Plan, all notes, instruments, debentures, certificates and other documents evidencing Claims and all Equity Interests in any of the Debtors shall be canceled and deemed terminated and surrendered (regardless of whether such notes, instruments, debentures, certificates or other documents are in fact surrendered for a cancellation to the appropriate indenture trustee or other such person), except for purposes of distribution in accordance with the terms of this Plan. On the Effective Date, any indentures to which any Debtor is a party shall be deemed canceled as permitted by section 1123(a)(5) of the Bankruptcy Code. Notwithstanding the termination of any indenture and any notes issued under any such indenture, the provisions of such indenture, including those provisions relating to distributions and the indenture trustee's rights to payment shall not be affected by the Confirmation of the Plan, other than as specifically set forth in the Plan.

C. *Cooperation.* For a period of 18 months after the Effective Date, Reorganized Teligent will provide cooperation to the Unsecured Claims Estate Representative as may be reasonably requested in respect of the investigation and prosecution of the Chapter 5 Causes of Action and the reconciliation of General Unsecured Claims. In this regard, Reorganized Teligent will make relevant documents and personnel available, to the extent Reorganized Teligent has the ability to do so, for such period. At the end of such 18 month period, or earlier if Reorganized Teligent is no longer able to make personnel available to the Unsecured Claims Estate Representative, Reorganized Teligent will, at the request of the Unsecured Claims Estate Representative, provide the Unsecured Claims Estate Representative with copies of such books and records as may be reasonably necessary to prosecute Chapter 5 Causes of Action and to reconcile General Unsecured Claims. The Unsecured Claims Estate Representative shall reimburse Reorganized Teligent for reasonable costs and expenses associated with providing such copies. Reorganized Teligent will not be responsible for any costs or expenses incurred by the Unsecured Claims Estate Representative in respect of evaluating, prosecuting or settling any of the Chapter 5 Causes of Action. To the extent Reorganized Teligent incurs costs or expenses as a result of such cooperation, such reasonable costs and expenses will be reimbursed by the Unsecured Claims Estate Representative.

D. *Business Day.* If any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

E. *Timing.* Wherever the Plan provides that a payment or distribution shall occur "on" any date, it shall mean "on, or as soon as practicable after" such date.

F. *Manner of Payment.* Any payment made under the Plan by Reorganized Teligent may be made either by check or by wire transfer, unless otherwise agreed to by the Agent.

G. *Effectiveness of Documents.* From and after the Effective Date, all agreements entered into under the Plan and all other obligations imposed under the Plan shall be valid, binding and in full force and effect, and shall be fully enforceable in accordance with their terms.

H. *Winding Up Affairs.* On and after the Effective Date, Reorganized Teligent may take actions as set forth in the Plan without supervision or Bankruptcy Court approval and free of all restrictions of the Bankruptcy Code or the Bankruptcy Rules, other than any restrictions expressly imposed by the Plan or the Confirmation Order. Without limiting the foregoing, Reorganized Teligent may pay charges incurred after the Confirmation Date for professional fees that, but for the occurrence of the Confirmation Date, would constitute Professional Fee Claims, without application to the Bankruptcy Court.

I. *Corporate Action.*

1. *New Teligent Charter and New Teligent Bylaws.* On the Effective Date or as soon thereafter as is practicable, Reorganized Teligent shall file with the Secretary of State of the State of Delaware, in accordance with the applicable corporation laws of such state, the New Teligent Charter and such New Teligent Charter shall be the charter for Reorganized Teligent. The New Teligent Charter shall provide, among other things, for (a) the authorization of the New Teligent Common Stock, (b) to the fullest extent permitted by the corporate law of Delaware, a limitation on the personal liability of directors to Reorganized Teligent or its stockholders for monetary damage for breach of fiduciary duty as a director, (c) actions of Reorganized Teligent which require consent of the stockholders or the Stockholder Committee (or the Chair of the Stockholder Committee), as the case may be, pursuant to the Stockholders Agreement, and (d) a prohibition on the issuance of nonvoting equity securities to the extent required by section 1123(a)(6) of the Bankruptcy Code. The New Teligent Bylaws shall provide, among other things, that the Board of Directors shall initially consist of three members, and on the Effective Date, the New Teligent Bylaws shall become the bylaws of Reorganized Teligent.

2. *Board of Directors.* On the Effective Date, the operation of Reorganized Teligent shall become the general responsibility of their Boards of Directors, subject to, and in accordance with, the New Teligent Charter, the New Teligent Bylaws and the Stockholders Agreement. The initial Board of Directors for Reorganized Teligent shall consist of the individuals identified at or prior to the hearing to consider confirmation of the Plan. Such directors shall be deemed elected or appointed, as the case may be, pursuant to the Confirmation Order, but shall not take office and shall not be deemed to be elected or appointed until the occurrence of the Effective Date. Those directors and officers not continuing in office shall be deemed removed therefrom as of the Effective Date pursuant to the Confirmation Order.

3. *Stockholders Agreement.* On the Effective Date, Reorganized Teligent and the Lenders as holders of the New Teligent Common Stock shall become parties to and bound by the Stockholders Agreement. The Stockholders Agreement shall provide, among other things, for (a) actions which require consent of the stockholders or the Stockholders Committee (or the Chair), as the case may be, (b) indemnification by Reorganized Teligent and the stockholders of each member of the Stockholder Committee, subject to limitation on indemnification for gross

negligence and willful misconduct, and exculpation of liability of Stockholder Committee members to other stockholders or Reorganized Teligent other than for gross negligence or willful misconduct, (c) reimbursement of expenses of members of the Stockholder Committee or their advisors by Reorganized Teligent (members of the Stockholders Committee shall initially receive no compensation from Reorganized Teligent for serving on the Stockholder Committee), and (d) restrictions on the transfer by sale, assignment or otherwise of New Teligent Common Stock by holders thereof, unless the transferee signs the Stockholders Agreement.

4. *Authorization of Corporate Action.* Subject to the terms of the New Teligent Charter, the New Teligent Bylaws for Reorganized Teligent and the Stockholders Agreement, the occurrence of the Effective Date shall constitute authorization for the Debtors or Reorganized Teligent to take or cause to be taken any corporate action necessary or appropriate before or after the Effective Date for the effectuation of the Plan, including, all steps necessary, if any, for Reorganized Teligent to issue the New Teligent Common Stock and to file tax returns or to terminate the Debtors' corporate existence. All such actions shall be deemed to have been approved by the Bankruptcy Court, and all such actions and the other matters provided for under the Plan involving corporate action to be taken by or required of a Debtor will occur and be effective as provided in the Plan, and will be authorized and approved in all respects and for all purposes without any requirement of further action by any stockholders, voting trustees or directors of any of the Debtors.

J. *Compromise of Controversies.* Pursuant to Bankruptcy Rule 9019, and in consideration for the classification, distribution and other benefits provided by the Lenders under the Plan, the provisions of this Plan, including without limitation the distributions to be made to Holders of Allowed General Unsecured Claims, General Administrative Claims, Administrative Convenience Claims, Priority Claims, Priority Convenience Claims and Other Secured Claims pursuant to the Plan, shall constitute a good faith compromise and settlement of all Claims and controversies resolved pursuant to the Plan. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of each of the foregoing compromises or settlements, and all other compromises and settlements provided for in the Plan, and the Bankruptcy Court's findings shall constitute its determination that such compromises and settlements are in the best interests of the Debtors, the estates, the creditors and other parties in interest, and are fair, equitable and within the range of reasonableness.

K. *Insurance Preservation.* Nothing in this Plan, including any releases, shall diminish or impair the enforceability of any Insurance Policies that may cover Claims against the Debtors or any other Person.

## **ARTICLE VII EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

A. *Rejection of Executory Contracts and Unexpired Leases.* Except as otherwise set forth herein, on the Confirmation Date, all executory contracts or unexpired leases of the Debtors will be deemed rejected in accordance with sections 365 and 1123 of the Bankruptcy Code, except those executory contracts and unexpired leases that (i) have been assumed by order of the Bankruptcy Court, (ii) are the subject of a motion to assume pending on the Effective Date, (iii) are identified on a list to be filed with the Bankruptcy Court on or before the Confirmation Date, or (iv) are assumed under the Plan. Entry of the Confirmation Order by the clerk of the Bankruptcy Court shall constitute approval of such rejections pursuant to sections 365(a) and 1123 of the Bankruptcy Code.

B. *Benefit Plans.* On the Confirmation Date, all benefit plans of the Debtors for any of their employees set forth in the Plan Supplement shall be deemed terminated.

## **ARTICLE VIII CONDITIONS PRECEDENT TO CONFIRMATION AND EFFECTIVE DATE OF THE PLAN**

A. *Conditions Precedent to Confirmation Date of the Plan.* The occurrence of the Confirmation Date shall be subject to satisfaction of the following conditions precedent:

1. The entry of the Confirmation Order in form and substance satisfactory to the Debtors and the Agent.
2. The Holders of all General Administrative Claims and Priority Claims have consented to or have been deemed to consent to the treatment set forth in Article IV of the Plan, including without limitation, their potential receipt of less than the full amount to which they would otherwise be entitled under the Bankruptcy Code.
3. Class 4 shall have voted to accept the Plan.

B. *Conditions Precedent to Effective Date of the Plan.* The occurrence of the Effective Date and the substantial consummation of the Plan are subject to satisfaction of the following conditions precedent:



1. *Confirmation Order:* The Confirmation Order shall be in full force and effect and shall not be subject to appeal, reconsideration, modification, or stay, or a motion, pleading, or other filing seeking an appeal, reconsideration, modification, or stay.

2. *Execution of Documents; Other Actions:* All other actions and documents necessary to implement the Plan, including as set forth in the Plan Supplement, shall have been effected or executed.

3. *Funds:* The Professional Fee Reserve Fund, the Claim Fund and the Unsecured Claim Fund shall be funded.

4. *Class 3 Claims:* The Debtors and the Agent have determined that the business plan and financial projections for Reorganized Teligent will not be modified in any material respect as a result of any distributions to Holders of Claims in Class 3.

5. *Regulatory Approvals:* All federal, state and local regulatory approvals necessary to implement the Plan shall have been received.

6. *Budget:* An initial budget for the four-month period after the Effective Date for Reorganized Teligent shall have been accepted by the Agent.

7. *Date:* The Effective Date shall not occur later than August 25, 2002.

C. *Waiver of Conditions Precedent:* To the extent legally permissible, each of the conditions precedent in this Article may be waived, in whole or in part, by the Debtors, with the consent of the Agent. Any such waiver of a condition precedent may be effected at any time, without notice or leave or order of the Bankruptcy Court and without any formal action other than proceeding as if such condition did not exist.

## **ARTICLE IX PLAN MODIFICATION**

The Debtors may alter, amend, or modify the Plan under section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 at any time before the Confirmation Date, with the Agent's consent, without an additional vote if the Bankruptcy Court finds, after notice and a hearing, to the extent necessary, that the proposed modification does not adversely change the treatment of any Class 4 Claim of any Person who has not accepted the modification. After the Confirmation Date and before substantial consummation of the Plan, the Debtors have the right under section 1127 of the Bankruptcy Code, to amend or modify the Plan in accordance with the Bankruptcy Code, if circumstances warrant amendment or modification and if, after notice and hearing, to the extent necessary, the Bankruptcy Court confirms the Plan as amended or modified.

## **ARTICLE X RETENTION OF JURISDICTION**

The Bankruptcy Court will retain and have exclusive jurisdiction over the Chapter 11 Cases for the following purposes:

1. to determine objections to the allowance of Claims;

2. to determine motions to estimate Claims at any time, regardless of whether the Claim to be estimated is the subject of a pending objection, a pending appeal, or otherwise;

3. to determine motions to subordinate Claims at any time and on any basis permitted by applicable law;

4. to determine applications for the rejection or assumption of executory contracts or unexpired leases to which the Debtors are a party or with respect to which any Debtor may be liable, and to hear and determine, and if need be to liquidate, any and all Claims arising therefrom;

5. to determine applications, adversary proceedings and contested or litigated matters and all Chapter 5 Causes of Action, whether pending on the Effective Date or commenced thereafter;

6. to consider any Plan modifications, to cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court;

7. to determine all controversies, suits and disputes that may arise in connection with the interpretation or consummation of the Plan or the documents filed pursuant to the Plan Supplement or Reorganized Teligent's obligations under the Plan;

8. to issue orders in aid of execution of the Plan to the extent authorized by section 1142 of the Bankruptcy Code;

9. to determine such other matters as may be set forth in the Confirmation Order or as may arise in connection with the Plan, the documents filed pursuant to the Plan Supplement or the Confirmation Order;

10. to determine any and all applications for allowance of compensation and reimbursement of expenses and any other fees and expenses authorized to be paid or reimbursed under the Bankruptcy Code or the Plan;

11. to enforce creditors' rights to payments and to the delivery of money or other Property to which holders of Allowed Claims may be entitled under the Plan;

12. to determine any matter or dispute in connection with the Funds;

13. to issue injunctions, enter and implement other orders to take such other actions as may be necessary or appropriate to restrain interference by any Person with consummation, implementation or enforcement of the Plan, the documents filed pursuant to the Plan Supplement or the Confirmation Order; and

14. to enter a final decree closing the Chapter 11 Cases.

## ARTICLE XI RELEASES AND INJUNCTION

*A. Subordination.* The classification and manner of satisfying all Claims and Equity Interests and the respective distributions and treatments hereunder take into account and/or conform to the relative priority and rights of the Claims and Equity Interests in each Class in connection with any contractual, legal and equitable subordination rights relating thereto whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code or otherwise, and any and all such rights are settled, compromised and released pursuant hereto. The Confirmation Order shall permanently enjoin, effective as of the Effective Date, all Persons from enforcing or attempting to enforce any such contractual, legal and equitable subordination rights satisfied, compromised and settled in this manner.

*B. Limited Releases by Debtors.* Except as otherwise specifically provided herein, for good and valuable consideration, including in the case of the Lenders, the funding of the Chapter 11 Cases pursuant to the Cash Collateral Order, the funding to be provided by the Lenders under the Plan, and the obligations and undertakings of the Lenders set forth in the Plan; and in the case of the D&O Releasees and the Committee Releasees, the service of the D&O Releasees and the Committee Releasees to facilitate the expeditious reorganization of the Debtors and the implementation of the restructuring contemplated by the Plan, the D&O Releasees, the Bank Releasees and the Committee Releasees, on and after the Effective Date, are released by the Debtors and Reorganized Teligent from any and all Claims (as defined in section 101(5) of the Bankruptcy Code), obligations, rights, suits, damages, causes of action, remedies and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, that any Debtor or the subsidiary of any Debtor, or any person claiming derivatively through or on behalf of any Debtor or any such subsidiary would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or Equity Interest or other Person, based in whole or in part upon any act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date.

*C. Limited Releases by Holders of Claims.* On and after the Effective Date, except as otherwise specifically provided herein, for good and valuable consideration, including in the case of the Lenders, the funding of the Chapter 11 Cases pursuant to the Cash Collateral Order, the funding to be provided by the Lenders under the Plan, and the obligations and undertakings of the Lenders set forth in the Plan; and in the case of the D&O Releasees and the Committee Releasees, the service of the D&O Releasees and the Committee Releasees to facilitate the expeditious reorganization of the Debtors and the implementation of the restructuring contemplated by the Plan, each Holder of a Claim (a) who has accepted or is deemed to accept the Plan or (b) who may be entitled to receive a distribution of property in connection with the Plan (in each case regardless of whether a proof of claim was filed, whether or not Allowed and whether or not the Holder of such claim has voted on the Plan) shall be deemed to have unconditionally released the D&O Releasees, the Bank Releasees and the Committee Releasees from any and all Claims (as defined in section 101(5) of the Bankruptcy Code), obligations, rights, suits, damages, causes of action, remedies and liabilities whatsoever, including any derivative claims on behalf of Debtor, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, that such Person would have been legally entitled to assert (whether individually or collectively), based in whole or in part upon any act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date in any way relating or pertaining to (w) the purchase or sale, or the rescission of a purchase or sale, of any security of Debtor, (x) the Debtor or Reorganized Teligent, (y) the Chapter 11 Cases, or (z) the negotiation, formulation and preparation of the Plan, or any related agreements, instruments or other documents; except that nothing herein shall be deemed a release of any claims or causes of action held by the Lenders with respect to or arising as a result of, loans made under the Prepetition Credit Agreement after October 1, 2000.

*D. Injunction.* As of the Confirmation Date, except as provided in the Plan or the Confirmation Order, all Persons that have held, currently hold or may hold a Claim or other debt or liability, or Equity Interest that is addressed in the Plan are permanently enjoined from taking any of the following actions on account of any such Claims, debts, interests or liabilities, other than actions brought to enforce any rights or obligations under the Plan: (i) commencing or continuing in any manner any action or other proceeding against the Debtors, Reorganized Teligent, the Releasees or their respective properties; (ii) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order against the Debtors, Reorganized Teligent, the Releasees or their respective properties; (iii) creating, perfecting or enforcing any lien or encumbrance against the Debtors, Reorganized Teligent, the Releasees or their respective properties; (iv) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to the Debtors, Reorganized Teligent, the Releasees or their respective properties, and (v) commencing or

continuing, in any manner or any place, any action that does not comply with or is inconsistent with the provisions of the Plan or the Confirmation Order.

## ARTICLE XII MISCELLANEOUS PROVISIONS

A. *Title to Assets.* Except as otherwise provided by the Plan, on the Effective Date, title to all Property shall vest in Reorganized Teligent free and clear of all claims, security interests, liens and equity interests in accordance with section 1141 of the Bankruptcy Code.

B. *Payment of Statutory Fees.* All fees payable under 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the hearing under section 1128 of the Bankruptcy Code, shall be paid on or before the Effective Date.

C. *No Transfer Taxes.* Pursuant to section 1146 of the Bankruptcy Code, the issuance, transfer or exchange of any security under the Plan, or the making or delivery of an instrument to transfer under the Plan, may not be taxed under any law imposing a stamp or similar tax.

D. *Section 1145 Exemption.* To the maximum extent provided by section 1145 of the Bankruptcy Code and applicable nonbankruptcy laws, the issuance of the New Teligent Common Stock shall be exempt from registration under the Securities Act of 1933, as amended.

E. *Exculpation.* The Debtor, Reorganized Teligent, the D&O Releasees, the Bank Releasees and the Creditors Committee Releasees, and their respective members and professionals (acting in such capacity) shall neither have nor incur any liability to any Person for any act taken or omitted to be taken in connection with or related to the formulation, preparation, dissemination, implementation, administration, Confirmation or Consummation of the Plan, the Disclosure Statement or any contract, instrument, release or other agreement or document created or entered into in connection with the Plan, or any act taken or omitted to be taken in connection with, in contemplation of, during or in any way related to the Chapter 11 Cases.

F. *Committee.* The Creditors' Committee shall be dissolved on the Effective Date. On such date, its members, professionals and agents shall be deemed released of their duties and obligations, and shall be without further duties or authority in connection with the Debtors, the Chapter 11 Cases, the Plan or its implementation.

G. *Headings.* Headings are used in the Plan for convenience and reference only, and shall not constitute a part of the Plan for any other purpose.

H. *Binding Effect.* The Plan shall be binding upon and inures to the benefit of the Debtors, Reorganized Teligent, the holders of Claims and Equity Interests, and their respective successors and assigns.

I. *Plan Controls.* To the extent the Plan is inconsistent with the Disclosure Statement, the provisions of the Plan shall be controlling.

J. *Revocation or Withdrawal.*

1. *Right to Revoke.* The Debtors reserve the right to revoke or withdraw the Plan prior to the Effective Date, with the Agent's consent.

2. *Effect of Withdrawal or Revocation.* If the Debtors revoke or withdraw the Plan prior to the Effective Date, or if the Effective Date does not occur, then the Plan shall be deemed null and void. In such event, nothing contained herein shall be deemed to constitute a waiver or release of any claims by or against the Debtors or any other Person or to prejudice in any manner the rights of the Debtors or any Person in any further proceedings involving the Debtors.

K. *Substantial Consummation.* On the Effective Date, the Plan shall be deemed to be substantially consummated under 11 U.S.C. §§ 1101 and 1127(b).

L. *Notices.* Any notice required or permitted to be provided under the Plan or Disclosure Statement shall be in writing and served by either (1) certified mail, return receipt requested, postage prepaid, (2) hand delivery, or (3) reputable overnight delivery service, delivery prepaid, to be addressed as follows:

1. If to the Debtors:

Teligent, Inc.  
460-Herndon Parkway  
Suite 100  
Herndon, VA 20170  
Attn: Jim Continenza  
Stuart Kupinsky

with a copy to:  
Kirkland & Ellis  
153 East 53rd Street  
New York, New York 10022  
Attn: James H.M. Sprayregen, P.C.  
Kirkland & Ellis  
200 East Randolph Drive  
Chicago, Illinois 60601  
Attn: Matthew N. Kleiman  
Anup Sathy

2. If to Reorganized Teligent:

Reorganized Teligent  
460-Herndon Parkway  
Suite 100  
Herndon, VA 20170  
Attn: Jim Continenza  
Stuart Kupinsky

*M. Governing Law.* Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules), the laws of the State of New York shall govern the construction and implementation of the Plan and any agreements, documents, and instruments executed in connection with the Plan.

*N. Withholding and Reporting Requirements.* In connection with the Plan and all instruments issued in connection therewith and distributions thereon, Reorganized Teligent shall comply with any withholding and reporting requirements imposed by any federal, state, local, or foreign taxing authority and all distributions hereunder shall be subject to any such withholding and reporting requirements.

Dated: July 10, 2002

Respectfully submitted,

TELIGENT, INC.

By: /s/ James V. Continenza

TELIGENT SERVICES, INC.

By: /s/ James V. Continenza

XANDU SHELL CORP. (f/k/a AMERICAN LONG LINES, INC.)

By: /s/ James V. Continenza

ASSOCIATION COMMUNICATIONS, INC.

By: /s/ James V. Continenza

AUCTEL, INC.

By: /s/ James V. Continenza

BACKLINK, L.L.C.

By: /s/ James V. Continenza

WINSTON SHELL CORP. (f/k/a EASTON TELECOM SERVICES, INC.)

By: /s/ James V. Continenza

QUINCY SHELL CORP. (f/k/a EXECUTIVE CONFERENCE, INC.)

By: /s/ James V. Continenza

FIRSTMARK COMMUNICATIONS, INC.

By: /s/ James V. Continenza

SAWYER SHELL CORP. (f/k/a INFINET  
TELECOMMUNICATIONS, INC.)

By: /s/ James V. Continenza

JTEL, L.L.C.

By: /s/ James V. Continenza

KATLINK, L.L.C.

By: /s/ James V. Continenza

OMC COMMUNICATIONS, INC

By: /s/ James V. Continenza

QUADRANGLE INVESTMENTS, INC.

By: /s/ James V. Continenza

ATLANTIS II SHELL CORP. (f/k/a  
TELECOMMUNICATIONS CONCEPTS, INC.)

By: /s/ James V. Continenza

TELIGENT COMMUNICATIONS, L.L.C.

By: /s/ James V. Continenza

TELIGENT LICENSE CO. I, L.L.C.

By: /s/ James V. Continenza

TELIGENT LICENSE CO. II, L.L.C.

By: /s/ James V. Continenza

TELIGENT OF VIRGINIA, INC.

By: /s/ James V. Continenza

TELIGENT PROFESSIONAL SERVICES, INC.

By: /s/ James V. Continenza

TELIGENT TELECOMMUNICATIONS, L.L.C.

By: /s/ James V. Continenza

James H.M. Sprayregen, P.C. (JS-7757)  
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200 East Randolph Drive  
Chicago, Illinois 60601  
(312) 861-2000

Attorneys for Debtors and Debtors-in-Possession



**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK**

In re

Teligent, Inc., et al.,<sup>1</sup>

Debtors.

Chapter 11

Case No. 01-12974 (SMB)  
Jointly Administered

**THIRD AMENDED JOINT PLAN OF REORGANIZATION  
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

KIRKLAND & ELLIS  
Citigroup Center  
153 East 53rd Street  
New York, New York 10022  
(212) 446-4800

– and –

KIRKLAND & ELLIS  
200 East Randolph Drive  
Chicago, Illinois 60601-6636  
(312) 861-2000

ATTORNEYS FOR DEBTORS AND  
DEBTORS-IN-POSSESSION

Dated: September 5, 2002  
New York, New York

---

<sup>1</sup> The Debtors are the following entities: Teligent, Inc.; Teligent Services, Inc.; Xandu Shell Corp. (f/k/a American Long Lines, Inc.); Association Communications, Inc.; Auctel, Inc.; BackLink, L.L.C.; Winston Shell Corp. (f/k/a Easton Telecom Services, Inc.); Quincy Shell Corp. (f/k/a Executive Conference, Inc.); FirstMark Communications, Inc.; Sawyer Shell Corp. (f/k/a InfiNet Telecommunications, Inc.); JTel, L.L.C.; KatLink, L.L.C.; OMC Communications, Inc.; Quadrangle Investments, Inc.; Atlantis II Shell Corp. (f/k/a Telecommunications Concepts, Inc.); Teligent Communications, L.L.C.; Teligent License Co. I, L.L.C.; Teligent License Co. II, L.L.C.; Teligent of Virginia, Inc.; Teligent Professional Services, Inc.; and Teligent Telecommunications, L.L.C.

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Teligent, Inc.; Teligent Services, Inc.; Xandu Shell Corp. (f/k/a American Long Lines, Inc.); Association Communications, Inc.; Auctel, Inc.; BackLink, L.L.C.; Winston Shell Corp. (f/k/a Easton Telecom Services, Inc.); Quincy Shell Corp. (f/k/a Executive Conference, Inc.); FirstMark Communications, Inc.; Sawyer Shell Corp. (f/k/a InfiNet Telecommunications, Inc.); JTel, L.L.C.; KatLink, L.L.C.; OMC Communications, Inc.; Quadrangle Investments, Inc.; Atlantis II Shell Corp. (f/k/a Telecommunications Concepts, Inc.); Teligent Communications, L.L.C.; Teligent License Co. I, L.L.C.; Teligent License Co. II, L.L.C.; Teligent of Virginia, Inc.; Teligent Professional Services, Inc.; and Teligent Telecommunications, L.L.C. jointly propose the following plan of reorganization under § 11 U.S.C. 1121(a). ALL HOLDERS OF CLAIMS AND EQUITY INTERESTS ARE URGED TO READ THIS PLAN AND THE DISCLOSURE STATEMENT CAREFULLY TO EVALUATE HOW THIS PLAN WILL AFFECT THEIR CLAIMS OR EQUITY INTERESTS.

## **ARTICLE I**

### **DEFINED TERMS, RULES OF INTERPRETATION, COMPUTATION OF TIME AND GOVERNING LAW**

#### *A. Rules of Interpretation, Computation of Time and Governing Law*

1. For purposes herein: (a) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and the neuter gender; (b) any reference herein to a contract, instrument, release, indenture or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions; (c) any reference herein to an existing document or exhibit Filed, or to be Filed, shall mean such document or exhibit, as it may have been or may be amended, modified or supplemented; (d) unless otherwise specified, all references herein to Sections, Articles and Exhibits are references to Sections, Articles and Exhibits hereof or hereto; (e) the words "herein," "hereof" and "hereto" refer to the Plan in its entirety rather than to a particular portion of this Plan; (f) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation hereof; (g) the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; and (h) any term used in capitalized form herein that is not otherwise defined but that is defined in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to such term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be.

2. In computing any period of time prescribed or allowed hereby, the provisions of Bankruptcy Rule 9006(a) shall apply.

3. Except to the extent that the Bankruptcy Code or Bankruptcy Rules are applicable, and subject to the provisions of any contract, instrument, release, indenture or other agreement or document entered into in connection herewith, the rights and obligations arising hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without giving effect to the principles of conflict of laws thereof.

*B. Defined Terms.* As used in the Plan, the following terms have the meanings ascribed to them below, unless the context otherwise requires:

1. *Administrative Convenience Claim:* Any Allowed General Administrative Claim in an amount equal to or less than \$3,000.

2. *Administrative Claim:* Any cost or expense of administration of the Chapter 11 Cases allowed under section 503(b) of the Bankruptcy Code and entitled to priority in payment under section 507(a)(1) of the Bankruptcy Code, including any actual and necessary expenses of preserving the estate of any Debtor, any actual and necessary expenses of operating the business of any Debtor, and any indebtedness or obligations incurred or assumed by any Debtor during the pendency of the Chapter 11 Cases in connection with the conduct of the business of, the acquisition or lease of property by, or the rendition of services to, any Debtor.

3. *Administrative Claim Bar Date:* The deadline ordered by the Bankruptcy Court for filing certain Administrative Claims, February 20, 2002.

4. *Administrative Claim Consent Form:* That certain form approved by the Bankruptcy Court pursuant to which the Debtors seek the agreement of Holders of General Administrative Claims (other than Administrative Convenience Claims) to the treatment afforded to such Holders under the Plan.

5. *Agent:* JPMorgan Chase Bank, as administrative agent for the Lenders under the Prepetition Credit Agreement.

6. *Allowed:* Whenever in the Plan the word "Allowed" precedes a defined term describing a Claim, that phrase will mean an Allowed Claim of the type described.

7. *Allowed Claim.* Allowed Claim shall mean (a) any Claim against the Debtors, proof of which has been timely filed with the Bankruptcy Court, or which has been or hereafter is scheduled by the Debtors as liquidated in amount and not disputed or contingent and which, in either case, is a Claim as to which no objection to the allowance thereof has been filed within the applicable period of limitation for objection to Claims fixed by the Bankruptcy Court, or as to which any objection has been determined by a Final Order allowing such Claim; or (b) a Claim against a Debtor that is allowed (i) in a Final Order or (ii) under the Plan.

8. *Bank Distribution:* A distribution to the Lenders pursuant to which such Lenders will receive their Pro Rata share of 100% of the New Teligent Common Stock.

9. *Bank Releasees:* The Agent and the Lenders in their capacity as such under the Prepetition Credit Agreement or the Cash Collateral Order, together with their respective officers, directors, employees, attorneys, financial advisors, accountants, investment bankers, agents and representatives in each case in their capacity as such.

10. *Bankruptcy Code:* Title I of the Bankruptcy Reform Act of 1978, as amended, set forth in title 11, sections 101 *et seq.*, of the United States Code.

11. *Bankruptcy Court:* The United States Bankruptcy Court for the Southern District of New York, or, if such court ceases to exercise jurisdiction over the Chapter 11 Cases, the court that exercises jurisdiction over the Chapter 11 Cases.

12. *Bankruptcy Rules:* The Federal Rules of Bankruptcy Procedure promulgated under 28 U.S.C. § 2076, as amended from time to time, and the local rules of the Bankruptcy Court.

13. *Business Day:* Any day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close.

14. *Cash Collateral Order:* That certain Final Order (I) Authorizing the Use of Lenders' Cash Collateral and (II) Granting Adequate Protection Pursuant to 11 U.S.C. §§ 361 and 363, entered by the clerk of the Bankruptcy Court on June 13, 2001 (as amended or modified).

15. *Chapter 5 Causes of Action:* Any and all of any Debtor's rights, claims, or causes of action under sections 542, 544, 545, 547, 548, 549, 550 and 552(b) of the Bankruptcy Code, whether known or unknown, in law, equity or otherwise, except to the extent waived or retained by the Debtors during the Chapter 11 Cases or pursuant to the Plan.

16. *Chapter 11 Cases:* Collectively, the cases under Chapter 11 of the Bankruptcy Code, commenced by the Debtors, and styled "In re Teligent, Inc., et al.," case numbers 01-12974 to 01-12981, 01-12983, 01-12985, 01-12986, 01-12989-01 to 12991, 01-12993, 01-12994, 01-12991, 01-12999 and 01-13002 to 01-13004, respectively, jointly administered for administrative purposes only under case number 01-12974.

17. *Claim:* Any right to (a) payment from any Debtor, whether or not such right is reduced to a judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured or (b) an equitable remedy for breach of performance if such breach gives rise to a right of payment from any Debtor, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, disputed, undisputed, secured or unsecured.

18. *Claim Fund:* The fund to be established by Reorganized Teligent on the Effective Date in the amount of \$4,000,000 for the purpose of distributing payments to Holders of General Administrative Claims, Administrative Convenience Claims, Priority Tax Claims, Other Priority Claims and Priority Convenience Claims that are Allowed pursuant to the Plan; provided that the amount of the Claim Fund shall be reduced by any payments made by the Debtors after the Administrative Claims Bar Date to compromise such Claims that would otherwise be subject to the Plan.

19. *Committee Releasees:* The Creditors' Committee, members of the Creditors' Committee, together with their officers, directors, employees, attorneys, financial advisors, accountants, investment bankers, agents and representatives in each case in their capacity as such.

20. *Confirmation Date:* The date upon which the clerk of the Bankruptcy Court enters the Confirmation Order on the legal docket maintained by the clerk's office.

21. *Confirmation Order:* An order of the Bankruptcy Court confirming the Plan in accordance with the provisions of Chapter 11 of the Bankruptcy Code.

22. *Consummation:* The occurrence of the Effective Date.

23. *Contingent Claim:* Any Claim that is contingent or unliquidated. Wherever in the Plan the word "Contingent" precedes a defined term describing a Claim within a particular class, that phrase will mean a Contingent Claim of the type described in such class.

24. *Convenience Claims:* All Administrative Convenience Claims and Priority Convenience Claims.

25. *Creditor:* Any Person that holds a Claim against any Debtor.

26. *Creditors' Committee:* The committee of unsecured creditors appointed by the United States Trustee in the Chapter 11 Cases.

27. *D&O Releasees:* All officers, directors, employees, attorneys, financial advisors, accountants, investment bankers, agents and representatives of the Debtors and their subsidiaries, but in each case only in their capacity as such and only if serving in such capacity on May 21, 2002 and the Effective Date; provided that any such party serving in such capacity on May 21, 2002 but who is terminated without cause prior to the Effective Date shall still be considered a "D&O Releasee" hereunder.

28. *Debtor:* The Debtors are the following entities: Teligent, Inc.; Teligent Services, Inc.; Xandu Shell Corp. (f/k/a American Long Lines, Inc.); Association Communications, Inc.; Auctel, Inc.; BackLink, L.L.C.; Winston Shell Corp. (f/k/a Easton Telecom Services, Inc.); Quincy Shell Corp. (f/k/a Executive Conference, Inc.); FirstMark Communications, Inc.; InfiNet Telecommunications, Inc.; JTel, L.L.C.; KatLink, L.L.C.; OMC Communications, Inc.; Quadrangle Investments, Inc.; Atlantis II Shell Corp. (f/k/a Telecommunications Concepts, Inc.); Teligent Communications, L.L.C.; Teligent License Co. I, L.L.C.; Teligent License Co. II, L.L.C.; Teligent of Virginia, Inc.; Teligent Professional Services, Inc.; and Teligent Telecommunications, L.L.C.

29. *Debtor in Possession:* Each of the Debtors, as a debtor in possession.

30. *Disclosure Statement:* The Disclosure Statement, dated July 10, 2002, describing the Plan, as amended, supplemented, or modified from time to time, prepared and distributed in accordance with sections 1125 and 1126(b) of the Bankruptcy Code and Bankruptcy Rule 3018.



31. *Disputed Claim*: Any Claim within a particular class against any Debtor (i) that such Debtor has scheduled as unliquidated, disputed, or contingent, (ii) to which a party in interest has objected, or (iii) that has not become an Allowed Claim. Wherever in the Plan the word "Disputed" precedes a defined term describing a Claim, that phrase will mean a Disputed Claim of the type described.

32. *Effective Date*: The first Business Day to occur after the conditions to the Effective Date set forth in Article VIII are met or waived in accordance with that Article; or such later date designated by the Debtors and the Agent.

33. *Equity Interest*: Any equity interest in a Debtor represented by, related to, or arising from stock, options, warrants or other instruments in any Debtor.

34. *Filed*: "File" or "Filed" means file or filed with the Bankruptcy Court in the Chapter 11 Cases.

35. *Final Order*: An order that has not been reversed or stayed, is no longer subject to appeal, *certiorari* proceeding or other proceeding for review, reargument, or rehearing, and as to which no appeal, *certiorari* proceeding, or other proceeding for review, reargument, or rehearing has been requested or is then pending and the time to file any such appeal, *certiorari* proceeding or other proceeding for review, reargument, or rehearing has expired or as to which any right to appeal, petition for *certiorari*, reargue, or seek rehearing shall have been waived in writing in form and substance satisfactory to the Debtors and the Agent.

36. *Funds*: The Claim Fund, the Professional Fee Reserve Fund and the Unsecured Claim Fund.

37. *General Administrative Claim*: Any Administrative Claim other than a Professional Fee Claim, and subject to the Administrative Claims Bar Date or any subsequent bar date with respect to such Claims.

38. *General Unsecured Claim*: Any Claim against any Debtor, other than a General Administrative Claim, a Prepetition Lender Superpriority Administrative Claim, a Professional Fee Claim, a Priority Claim, a Prepetition Lender Secured Claim, or an Other Secured Claim.

39. *Holder*: Any Person owning a Claim or Equity Interest.

40. *Insurance Policy*: Any policy of insurance and any agreements relating thereto that may be available to provide coverage for Claims against a Debtor.

41. *Lenders*: The several banks and other financial institutions from time to time party to the Prepetition Credit Agreement.

42. *New Teligent Bylaws*: Those certain by-laws of Reorganized Teligent which will be filed with the Secretary of State of the State of Delaware, the form of which shall be included in the Plan Supplement.

43. *New Teligent Charter*: That certain Certificate of Incorporation which will be filed with the Secretary of State of the State of Delaware, the form of which shall be included in the Plan Supplement.

44. *New Teligent Common Stock*: The new common stock of Teligent, Inc. issued pursuant to the Plan on the Effective Date to the Lenders. The New Teligent Common Stock shall consist of authorized shares of new common stock of Teligent, Inc., \$0.001 par value per share. Pursuant to Section III.B.4 of the Plan, such shares shall be issued and distributed only to the Lenders, which shares shall be duly authorized, fully paid and nonassessable shares of capital stock of Teligent, Inc. The remaining authorized shares not issued to the Lenders shall be reserved for future corporate purposes as determined by the Board of Directors of Reorganized Teligent subject to the New Teligent Charter and the Stockholders Agreement.

45. *Old Equity Interests*: The common and preferred stock of the Debtors and any option, warrant instrument or right, contractual or otherwise, to acquire any such interest.

46. *Other Priority Claim:* Any Claim against any Debtor to the extent entitled to priority in payment under sections 507(a)(3)-(7) or section 507(a)(9) of the Bankruptcy Code.

47. *Other Secured Claim:* Any Secured Claim other than a Prepetition Lender Secured Claim.

48. *Person:* Any individual, corporation, partnership, association, joint stock Debtors, joint venture, estate, trust, unincorporated organization or governmental unit or subdivision thereof or other entity.

49. *Petition Date:* The date on which each of the Debtors commenced the Chapter 11 Cases, May 21, 2001.

50. *Plan:* This joint plan of reorganization under Chapter 11 of the Bankruptcy Code, as it may be amended, supplemented, or modified in accordance with the terms hereof from time to time.

51. *Plan Supplement:* A separate volume of documents, including the Stockholders Agreement, to be filed with the Bankruptcy Court.

52. *Post Petition Loans:* The term "Post Petition Loans" shall have the same meaning as set forth in paragraph 4(a) of the Cash Collateral Order.

53. *Prepetition Credit Agreement:* The Credit Agreement dated as of July 2, 1998 among Teligent, Inc., the Lenders and the Agent, as amended, modified and supplemented from time to time through and including the Petition Date, and inclusive of all collateral, guarantee and other documents executed in connection therewith.

54. *Prepetition Lender Secured Claims:* Collectively, all Secured Claims against any Debtor arising from, under or with respect to the Prepetition Credit Agreement.

55. *Prepetition Lender Superpriority Administrative Claims:* Collectively, all Administrative Claims of the Lenders arising from, under or with respect to the Cash Collateral Order.

56. *Priority Claim:* A Priority Tax Claim or an Other Priority Claim.

57. *Priority Claim Consent Form:* That certain form approved by the Bankruptcy Court pursuant to which the Debtors seek the agreement of Holders of Priority Claims (other than Priority Convenience Claims) to the treatment afforded to such Holders under the Plan.

58. *Priority Convenience Claim:* Any Allowed Priority Claim in an amount equal to or less than \$3,000.

59. *Priority Tax Claim:* Any Claim against any Debtor to the extent entitled to priority in payment under section 507(a)(8) of the Bankruptcy Code.

60. *Professional Fee Claim:* Any Claim of a professional retained under the Bankruptcy Code subject to allowance under 11 U.S.C. § 328, § 330 or an order of the Bankruptcy Court.

61. *Professional Fee Reserve Fund:* A reserve to be established on the Effective Date by Reorganized Teligent to pay the Professional Fee Claims allowed by a Final Order of the Bankruptcy Court in an amount equal to (i) the amount of Professional Fee Claims incurred by the Debtors in the Chapter 11 Cases less (ii) the amount of Professional Fee Claims paid prior to the Effective Date pursuant to a Bankruptcy Court order; provided that any amount not so paid on account of Professional Fee Claims shall revert to Reorganized Teligent.

62. *Property:* All of the Debtors' property, whether tangible or intangible, and without limitation, any and all real or personal property, including all cash and cash equivalents, licenses, certifications, tax refunds, accounts receivable, stock in subsidiaries that are not Debtors, inventory, causes of action (other than the Chapter 5 Causes of Action) and equipment.

63. *Pro Rata*: With respect to distributions on Claims, proportionately, so that the ratio of the amount of consideration (and each form thereof) distributed on account of an Allowed Claim to the amount of the Allowed Claim is the same as the ratio of the amount of consideration (and each form thereof) distributed on account of all Allowed Claims to the amount of all Allowed Claims.

64. *Releasees*: The D&O Releasees, the Bank Releasees and the Committee Releasees.

65. *Reorganized Teligent*: On the Effective Date, means Teligent, Inc., and its subsidiaries – Teligent Services, Inc. and Teligent of Virginia.

66. *Secured Claim*: Any Claim that is secured by a lien on property in which any of the Debtors has an interest, which lien is valid, perfected and enforceable under applicable law, to the extent of the value of the Claim Holder's interest in the Debtors' interest in such property, as determined pursuant to section 506 of the Bankruptcy Code.

67. *Stockholders Agreement*: That certain agreement by and among Reorganized Teligent and the Lenders, as the Holders of the New Teligent Common Stock.

68. *Stockholder Committee*: The Lenders who shall serve on the stockholder committee pursuant to the Stockholders Agreement, with the Agent being appointed initially as the chair of such Committee.

69. *Unsecured Claim Estate Representative*: That Person appointed by the Creditors Committee to be the estate representative pursuant to section 1123(b)(3) of the Bankruptcy Code to pursue the Chapter 5 Causes of Action and determine the validity, priority and amount of the General Unsecured Claims; provided, however, that if the Creditors' Committee does not designate such Person by the Confirmation Date, the Debtors shall designate the Unsecured Claim Estate Representative.

70. *Unsecured Claim Fund*: On the Effective Date, Reorganized Teligent will transfer an amount equal to \$300,000 to the Unsecured Claim Estate Representative to be used by such party to discharge its responsibilities under the Plan.

71. *Voting Deadline*: The deadline for Holders of Class 4 Claims to cast ballots to vote to accept or reject the Plan, as may be extended by the Debtors.

C. *Exhibits*. All exhibits to the Plan are incorporated into and are a part of the Plan as if set forth in full herein.

## ARTICLE II PROVISIONS FOR PAYMENT OF ADMINISTRATIVE EXPENSE CLAIMS AND PRIORITY TAX CLAIMS

**The Debtors believe that if the Plan is not confirmed, the Debtors may be required to convert the Chapter 11 Cases to chapter 7. In this event, Holders of all Claims described in this Article (other than the Lenders) will likely receive no recovery on account of their Claims.**

A. *General Administrative Claims*. Except as set forth below, on the later to occur of (i) 90 days after the Effective Date and (ii) the date on which such Claim shall become an Allowed Claim, Reorganized Teligent shall either (a) pay to each Holder of an Allowed General Administrative Claim a Pro Rata distribution based on the amount of available cash in the Claim Fund, after the establishment of an appropriate reserve from the Claim Fund for Disputed Claims and payments of Allowed Convenience Claims, and thereafter make periodic cash payments as set forth in the next sentence, or (b) satisfy and discharge such General Administrative Claim in accordance with such other terms as may be agreed upon by and between the Holder thereof and Reorganized Teligent (acting with consent of the Agent). As often as reasonably practicable thereafter, in the sole discretion of Reorganized Teligent, after the establishment or maintenance of an appropriate reserve from the Claim Fund for Disputed Claims,

Reorganized Teligent shall make additional periodic cash distributions to Holders of Allowed General Administrative Claims on a Pro Rata basis until the earlier of the date that (i) such Claims are paid in full and (ii) the Claim Fund has been exhausted.

Holders of Administrative Convenience Claims shall be paid their Allowed Claims in full in cash on or as soon as practicable after the Effective Date. Any such payments shall be made from the Claim Fund. Any Holder of a General Administrative Claim that is not an Administrative Convenience Claim who has elected pursuant to the Administrative Claim Consent Form to reduce its General Administrative Claim such that it would be considered an Administrative Convenience Claim shall be paid its Allowed General Administrative Claim or \$3,000, whichever is lesser. The right to elect to reduce a General Administrative Claim to an Administrative Convenience Claim shall expire on the Voting Deadline.

**At the hearing to confirm the Plan, Debtors will ask the Court to hold that the failure to return the Administrative Claim Consent Form or to object to confirmation of the Plan by a Holder of a General Administrative Claim prior to August 7, 2002 shall be deemed to be such Holder's consent and agreement to receive treatment for such Claim that is different from that set forth in 11 U.S.C. § 1129(a)(9), which otherwise requires payment in full in cash. If an administrative creditor objects to confirmation of the Plan asserting that it is entitled to payment in full under section 1129(a)(9) of the Bankruptcy Code, the Debtors may not be able to confirm the Plan, in which case all Holders of Administrative Claims will likely not receive any distributions on account of their claims.**

*B. Prepetition Lender Superiority Administrative Claims.* On account of the Prepetition Lender Superpriority Administrative Claims all of which Claims are Allowed pursuant to the Plan and the Prepetition Lender Secured Claims all of which Claims are Allowed pursuant to the Plan, the Prepetition Lenders shall receive and retain the Bank Distribution.

*C. Priority Tax Claims.* Except as set forth below, on the later to occur of (i) 90 days after the Effective Date and (ii) the date on which such Claim shall become an Allowed Claim, Reorganized Teligent shall either (a) pay to each Holder of an Allowed Priority Tax Claim a Pro Rata distribution based on the amount of available cash in the Claim Fund, after the establishment of an appropriate reserve from the Claim Fund for Disputed Claims and payments of Allowed Convenience Claims, and thereafter make periodic cash payments as set forth in the next sentence, or (b) satisfy and discharge such Allowed Priority Tax Claim in accordance with such other terms as may be agreed upon by and between the Holder thereof and Reorganized Teligent (acting with the consent of the Agent). As often as reasonably practicable thereafter, in the sole discretion of Reorganized Teligent, after the establishment or maintenance of an appropriate reserve from the Claim Fund for Disputed Claims, Reorganized Teligent shall make additional periodic cash distributions to Holders of Allowed Priority Tax Claims until the earlier of the date that (1) such Claims are paid in full and (2) the Claim Fund has been exhausted.

Holders of Priority Tax Claims that are Priority Convenience Claims shall be paid their Allowed Claims in full in cash on or as soon as practicable after the Effective Date. Any such payments shall be made from the Claim Fund. Any Holder of a Priority Tax Claim that is not a Priority Convenience Claim who has elected pursuant to the Priority Claim Consent Form to reduce its Priority Tax Claim such that it would be considered a Priority Convenience Claim shall be paid its Allowed Priority Tax Claim or \$3,000, whichever is lesser. The right to elect to reduce a Priority Tax Claim to a Priority Convenience Claim shall expire on the Voting Deadline.

**At the hearing to confirm the Plan, the Debtors will ask the Court to hold that the failure to return the Priority Claim Consent Form or to object to confirmation prior to any deadline set by the Bankruptcy Court of the Plan by a Holder of a Priority Tax Claim shall be deemed to be such Holder's consent and agreement to receive treatment for such Claim that is different from that set forth in 11 U.S.C. § 1129(a)(9), which otherwise requires deferred payments in full. If a priority creditor objects to confirmation of the Plan asserting that it is not entitled to payment in full under section 1129(a)(9) of the Bankruptcy Code, the Debtors may not be able to confirm the Plan, in which case all Holders of Priority Claims, including Priority Tax Claims, will likely not receive any distribution on account of their claims.**

D. *Paid Administrative Claims:* Except as otherwise set forth herein, all payments made on account of Administrative Claims prior to the Effective Date shall be final and not subject to disgorgement.

### ARTICLE III CLASSIFICATION AND TREATMENT OF CLASSIFIED CLAIMS AND EQUITY INTERESTS

**The Debtors believe that if the Plan is not confirmed, the Debtors may be required to convert the Chapter 11 Cases to chapter 7. In this event, Holders of all Claims described in this Article (other than the Lenders) will likely receive no recovery on account of their Claims.**

A. *Summary.* The categories of Claims and Equity Interests listed below classify Claims and Equity Interests for all purposes, including, voting, confirmation and distribution pursuant to the Plan and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or Equity Interest shall be deemed classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that any remainder of such Claim or Equity Interest qualifies within the description of such different Class. A Claim or Equity Interest is in a particular Class only to the extent that such Claim or Equity Interest is Allowed in that Class and has not been paid or otherwise settled prior to the Effective Date.

Class	Status
Class 1 - Other Priority Claims	Impaired - deemed to reject the Plan and, therefore, not entitled to vote
Class 2 - Priority Convenience Claims	Unimpaired - not entitled to vote
Class 3 - Other Secured Claims	Impaired - deemed to reject the Plan and, therefore, not entitled to vote
Class 4 - Prepetition Lender Secured Claims	Impaired - entitled to vote
Class 5 - General Unsecured Claims	Impaired - deemed to reject the Plan and, therefore, not entitled to vote
Class 6 - Old Equity Interests	Impaired - deemed to reject the Plan and, therefore, not entitled to vote

B. *Classification and Treatment.*

1. *Class 1 - Other Priority Claims.*

(a) Classification: Class 1 consists of all Other Priority Claims.

(b) Treatment: Except as set forth below, on the later to occur of: (a) 90 days after the Effective Date and (b) the date on which such Claim shall become an Allowed Claim, Reorganized Teligent shall either (i) pay to each Holder of an Allowed Other Priority Claim a Pro Rata distribution based on the amount of cash in the Claim Fund, after the establishment of an appropriate reserve from the Claim Fund for Disputed Claims and payments of Allowed Convenience Claims, and thereafter make periodic cash payments as set forth in the next sentence, or (ii) satisfy and discharge such Allowed Other Priority Claim in accordance with such other terms as may be agreed upon by and between the Holder thereof and Reorganized Teligent acting with the consent of the Agent. As often as reasonably practicable thereafter, in the sole discretion of Reorganized Teligent, after the establishment or maintenance of an appropriate reserve from the Claim Fund for Disputed Claims, Reorganized Teligent shall make additional periodic cash distributions to Holders of Allowed Other Priority Claims until the earlier of the date that (a) such Claims are paid in full and (b) the Claim Fund has been exhausted.

Holdes of Other Priority Claims that are Priority Convenience Claims shall be paid their Allowed Claims in full in cash on or as soon as practicable after the Effective Date. Any such payments shall be made from

the Claim Fund. Any Holder of an Other Priority Claim that is not a Priority Convenience Claim who has elected pursuant to the Priority Claim Consent Form to reduce its Other Priority Claim such that it would be considered a Priority Convenience Claim shall be paid its Allowed Other Priority Claim or \$3,000, whichever is lesser. The right to elect to reduce an Other Priority Claim to a Priority Convenience Claim shall expire on the Voting Deadline.

Voting: Class 1 is impaired. Holders of Other Priority Claims in Class 1 are deemed to reject the Plan, and are therefore, not entitled to vote to accept or reject the Plan. **At the hearing to confirm the Plan, the Debtors will ask the Court to hold that the failure to return the Priority Consent Form or to object to confirmation of the Plan by a Holder of an Other Priority Claim prior to any deadline set by the Bankruptcy Court shall be deemed to be such Holder's consent and agreement to receive treatment for such Claim that is different from that set forth in 11 U.S.C. § 1129(a)(9), which otherwise requires payment in full.**

2. *Class 2 - Priority Convenience Claims.*

(a) Classification: Class 2 consists of all Priority Convenience Claims.

(b) Treatment: On the later to occur of (a) 90 days after the Effective Date and (b) the date on which such Claim shall become an Allowed Claim, Reorganized Teligent shall pay each Holder of a Priority Convenience Claim such Holder's Allowed Claim in full in cash; provided that any Holder of a Priority Claim who has elected pursuant to the Priority Claim Consent Form to be treated as a Priority Convenience Claim shall be paid as set forth herein.

(c) Voting: Class 2 is deemed unimpaired.

3. *Class 3 - Other Secured Claims.*

(a) Classification: Class 3 consists of all Other Secured Claims. For purposes of voting and distribution, each Holder of an Other Secured Claim shall be deemed to be classified in a separate subclass of Class 3.

(b) Treatment: Each Holder, if any, of an allowed Other Secured Claim will (i) be paid such Holder's Allowed Other Secured Claim in full in cash; (ii) be paid the sale or disposition proceeds of the property securing such Allowed Other Secured Claim, to the extent of the value of the Debtors' interest in such property; (iii) receive the property securing such Claim; or (iv) be paid such other distributions as necessary to satisfy the requirements of the Bankruptcy Code. The election of the treatment for each such Holder will be made by Reorganized Teligent (acting with the consent of the Agent).

(c) Voting: Class 3 is impaired. Holders of Other Secured Claims in Class 3 are deemed to reject the Plan, and therefore not entitled to vote to accept or reject the Plan.

4. *Class 4 - Prepetition Lender Secured Claims.*

(a) Classification: This Class will consist of the Prepetition Lender Secured Claims.

(b) Treatment: The Lenders shall receive the Bank Distribution on account of the Prepetition Lender Secured Claims and the Prepetition Lender Superpriority Administrative Claims. The Lenders shall retain any payments made after the Petition Date on account of the Postpetition Loans. Each Holder of a Prepetition Lender Secured Claim or a Prepetition Lender Superpriority Administrative Claim shall on the Effective Date automatically, regardless of whether such Lender votes to accept or reject the Plan or executes the Stockholders Agreement, become a party to the Stockholders Agreement, unless such Holder votes to reject the Plan and declines to accept the shares of New Teligent Common Stock to which such Holder would otherwise be entitled.

(c) Voting: Class 4 is impaired, Holders of Claims in Class 4 are entitled to vote to accept or reject the Plan.

5. *Class 5 - General Unsecured Claims.*

(a) Classification: This Class will consist of all claims other than General Administrative Claims, Professional Fee Claims, Prepetition Lender Superpriority Administrative Claims, Priority Tax Claims, Other Priority Claims, Other Secured Claims or Prepetition Lender Secured Claims. The General Unsecured Claims of the Prepetition Lenders will be fixed and Allowed at \$600,000,000.

(b) Treatment: On the Effective Date, the Chapter 5 Causes of Action and the Unsecured Claim Fund will be transferred to the Unsecured Claims Estate Representative. Any proceeds from the Chapter 5 Causes of Action will be used first to reimburse Reorganized Teligent for the Unsecured Claim Fund. Any remaining proceeds will be distributed Pro Rata to holders of Allowed Class 5 Claims. In consideration for the Creditors' Committee support of the Plan, the Lenders have made this portion of their recovery available to Holders of Allowed Unsecured Claims.

(c) Voting: Class 5 is impaired. Because Holders of Claims in Class 5 will be deemed to receive no distribution under the Plan (other than the distribution being made available by the Lenders from the Lenders' recovery), the Class will be deemed to have voted to reject the Plan.

6. *Class 6 - Old Equity Interests.*

(a) Classification: Class 6 includes all Old Equity Interests.

(b) Treatment: Holders shall not retain or receive any property under the Plan. All such Old Equity Interests will be canceled and extinguished.

(c) Voting: Class 6 is impaired. Because holders of Old Equity Interests in Class 6 will receive no distribution under the Plan, Class 6 will be deemed to have voted to reject the Plan.

**ARTICLE IV**  
**ACCEPTANCE OR REJECTION OF THE PLAN**

- A. Voting Class.* Each Holder of an Allowed Claim in Class 4 shall be entitled to vote to accept or reject the Plan.
- B. Acceptance by Impaired Classes of Claims.* Class 4 shall have accepted the Plan if (i) the Holders (other than any Holder designated under section 1126(e) of the Bankruptcy Code) of at least two-thirds in amount of the Allowed Claims actually voting in such class have voted to accept the Plan and (ii) more than one-half in number of the Holders (other than any Holder designated under section 1126(c) of the Bankruptcy Code) of such Allowed Claims actually voting in such class have voted to accept the Plan.
- C. Presumed Acceptance of Plan.* Class 2 is deemed unimpaired under the Plan, and therefore, is deemed to accept the Plan under section 1126(f) of the Bankruptcy Code.
- D. Presumed Rejection of Plan.* Classes 1, 3, 5 and 6 are deemed to reject the Plan under section 1126(g) of the Bankruptcy Code.
- E. Nonconsensual Confirmation.* The Debtors reserve the right to request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code with respect to Classes 1, 3, 5 and 6. In the event that Holders of Claims in Class 4 fail to accept the Plan, the Debtors reserve the right, with the Agent's consent, to modify the Plan.

**ARTICLE V**  
**TREATMENT OF DISPUTED CLAIMS**

- A. Objections to and Estimation of Claims; Prosecution of Disputed Claims.* Reorganized Teligent will be authorized and empowered to resolve consensually (and without the need for Bankruptcy Court approval) any disputes regarding the amount of any Convenience Claim, General Administrative Claim, Priority Claim, or Other Secured Claim. Nevertheless, Reorganized Teligent may, with the Agent's consent, file with the Bankruptcy Court (or any other court of competent jurisdiction) an objection to the allowance of any General Administrative Claim, Priority Claim or Other Secured Claim, or any other appropriate motion or adversary proceeding with respect thereto. In addition, Reorganized Teligent may, at any time, request that the Bankruptcy Court estimate any Contingent General Administrative, Priority or Other Secured Claim under section 502(c) of the Bankruptcy Code, regardless of whether a Debtor has previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any Contingent Claim, that estimated amount will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, Reorganized Teligent may elect to pursue any supplemental proceedings to object to any ultimate payment on such Claim. All of the aforementioned Claims objection, estimation and resolution procedures are cumulative and are not necessarily exclusive of one another. General Administrative, Priority or Other Secured Claims may be estimated and thereafter resolved by any permitted mechanism. The Unsecured Claim Estate Representative shall have the same rights and powers with respect to the Unsecured Claims, which rights shall be exclusively vested in the Unsecured Claim Estate Representative.
- B. Reserve for Disputed Claims.* Reorganized Teligent shall reserve in the Claim Fund for the benefit of each holder of a Disputed General Administrative or Priority Claim (whether or not such Claim is a Convenience Claim), cash in an amount equal to the distributions that would have been made to the Holder of such Disputed Claim under the Plan if it were an Allowed Claim in an amount equal to the greater of (i) the amount listed in the Debtors' schedules, (ii) the amount set forth in a proof of claim filed with the Bankruptcy Court or (iii) the amount as estimated by the Bankruptcy Court under section 502(c) of the Bankruptcy Code. Such amount so reserved shall



constitute the maximum amount of distribution to which a Holder of a Disputed General Administrative or Priority Claim may ultimately become entitled.

C. *Payments and Distributions on Disputed Claims.* Notwithstanding any other provision in the Plan, no distributions will be made with respect to a Disputed Claim until the resolution of such dispute by settlement or Final Order. As soon as practicable after a Disputed Claim becomes an Allowed Claim, the Holder of such Allowed Claim will receive all distributions to which such Holder is then entitled under the Plan, any Person who holds both an Allowed Claim and a Disputed Claim will receive the appropriate distribution on the Allowed Claim, although no distribution will be made on the Disputed Claim until such dispute is resolved by settlement or Final Order.

D. *Bar Date for Professional Claims.* Persons requesting compensation or reimbursement of expenses pursuant to section 328 or 330 of the Bankruptcy Code for services rendered before the Confirmation Date shall file with the Bankruptcy Court and serve on Reorganized Teligent and the Agent and the U.S. Trustee an application for final allowance of compensation and reimbursement of expenses no later than 60 days after the Effective Date; provided, however, that any professional or other Person that fails to file and serve a timely application for final allowance of compensation and reimbursement of expenses shall be forever barred from asserting such Claims against the Debtors or Reorganized Teligent, who shall be discharged from such Claims and shall not be obligated to pay such Claims; provided further, that any professional employed by Reorganized Teligent may receive compensation and reimbursement of expenses for services rendered after the Confirmation Date, without an order of the Bankruptcy Court.

## ARTICLE VI PLAN IMPLEMENTATION

The Debtors will emerge from chapter 11 and continue to exist as Reorganized Teligent. All of the Property of the Debtors (including operating assets of the fixed wireless and resale business, licenses, certifications, cash, intangible assets, litigation claims (other than Chapter 5 Causes of Action), receivables and other assets) other than the Claim Fund, the Chapter 5 Causes of Action and the Unsecured Claim Fund will be vested in and become property of Reorganized Teligent.

A. *Substantive Consolidation.* The Plan contemplates and is predicated upon the substantive consolidation of the estates of the Debtors into a single entity for purposes of confirmation, consummation and Plan implementation. Accordingly, the Confirmation Order shall provide that on the Effective Date, except for Reorganized Teligent, (i) each of the Debtors will be deemed to have dissolved or otherwise terminated its existence following the Effective Date; (ii) all inter-Debtor Claims by and among the Debtors will be released and waived; (iii) all assets and all proceeds thereof and all liabilities, of any and all of the Debtors, will be merged or created as though they were the assets or liabilities jointly of all Debtors; (iv) any obligation of any of the Debtors and all guarantees thereof executed by any of the Debtors will be deemed to be a single obligation of the Debtors; (v) any Claims filed or to be filed in connection with any such obligation and any such guarantees will be deemed one Claim against the Debtors; and (vi) every Claim filed or to be filed in the individual Chapter 11 Case of any of the Debtors will be deemed one Claim filed against the Debtors. Notwithstanding the foregoing, the Debtors' rights of recovery against any Person other than a Debtor with respect to any assets and the rights of any party with a security interest in the Debtors' property shall not be prejudiced by such consolidation.

B. *Distributions Under the Plan.*

1. *Reorganized Teligent.* Reorganized Teligent shall make all distributions to Holders of Allowed General Administrative Claims, Administrative Convenience Claims, Professional Fee Claims, Priority Claims, Priority Convenience Claims, Other Secured Claims, Prepetition Lender Superpriority Administrative Claims and Prepetition Lender Secured Claims provided for in the Plan in the manner set forth herein. For purposes of distributions from the Claim Fund, General Administrative Claims and Priority Claims shall be treated equally, regardless of their legal priorities under the Bankruptcy Code.

2. *Unsecured Claim Estate Representative:* The Unsecured Claim Estate Representative shall make distributions to Holders of Allowed Unsecured Claims in the manner set forth herein.

3. *Transfer to Reorganized Teligent.* On the Effective Date, all of the Debtors' Property shall vest with Reorganized Teligent free and clear of all Claims and Equity Interests of Creditors and other Persons, except for the rights to distribution afforded to such Creditors under the Plan. In consideration of these transfers, Reorganized Teligent shall make the distributions required under the Plan in accordance with the Plan's terms. The total recovery for all Holders of General Administrative Claims, Administrative Convenience Claims, Priority Tax Claims, Priority Convenience Claims and Other Priority Claims shall be limited to distributions from the Claim Fund pursuant to the terms of the Plan. After the Effective Date, Reorganized Teligent shall have no liability to Holders of Claims or Equity Interest other than as provided for in the Plan.

4. *Investments.* Cash held by Reorganized Teligent in any Fund shall be maintained in United States dollars or shall be invested by Reorganized Teligent in (i) direct obligations of, or obligations guaranteed by, the United States of America, (ii) obligations of any agency or corporation which is or may hereafter be created by or pursuant to an act of Congress of the United States of America as an agency or instrumentality thereof, or (iii) such other obligations or instruments as may from time to time be permitted under section 345 of the Bankruptcy Code or as may have been authorized by an order of the Court; provided, that, Reorganized Teligent may, to the extent necessary to implement the provisions of the Plan, deposit moneys in demand deposits at any banking institution or trust having combined capital stock and surplus in excess of \$100,000,000.00 based upon its most recently available audited financial statements, regardless of whether such investments and deposits are insured. Such investments shall mature in such amounts and at such times as Reorganized Teligent shall deem appropriate to provide funds when needed to transfer funds or make distributions under the Plan.

5. *Setoffs.* Consistent with applicable law, Reorganized Teligent may, but shall not be required to, set off against any General Administrative, Priority or Other Secured Claim, and the payments to be made under the Plan in respect of such Claim, any claims of any nature whatsoever the Debtor may have against the Holder thereof, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release of any such claim Reorganized Teligent or the Debtors may have against any such Person.

6. *Cancellation of Notes, Instruments, Debentures and Equity Securities.* On the Effective Date, except to the extent provided otherwise in the Plan, all notes, instruments, debentures, certificates and other documents evidencing Claims and all Equity Interests in any of the Debtors shall be canceled and deemed terminated and surrendered (regardless of whether such notes, instruments, debentures, certificates or other documents are in fact surrendered for a cancellation to the appropriate indenture trustee or other such person), except for purposes of distribution in accordance with the terms of this Plan. On the Effective Date, any indentures to which any Debtor is a party shall be deemed canceled as permitted by section 1123(a)(5) of the Bankruptcy Code. Notwithstanding the termination of any indenture and any notes issued under any such indenture, the provisions of such indenture, including those provisions relating to distributions and the indenture trustee's rights to payment shall not be affected by the Confirmation of the Plan, other than as specifically set forth in the Plan.

C. *Cooperation.* For a period of 18 months after the Effective Date, Reorganized Teligent will provide cooperation to the Unsecured Claims Estate Representative as may be reasonably requested in respect of the investigation and prosecution of the Chapter 5 Causes of Action and the reconciliation of General Unsecured Claims. In this regard, Reorganized Teligent will make relevant documents and personnel available, to the extent Reorganized Teligent has the ability to do so, for such period. At the end of such 18 month period, or earlier if Reorganized Teligent is no longer able to make personnel available to the Unsecured Claims Estate Representative, Reorganized Teligent will, at the request of the Unsecured Claims Estate Representative, provide the Unsecured Claims Estate Representative with copies of such books and records as may be reasonably necessary to prosecute Chapter 5 Causes of Action and to reconcile General Unsecured Claims. The Unsecured Claims Estate Representative shall reimburse Reorganized Teligent for reasonable costs and expenses associated with providing such copies. Reorganized Teligent will not be responsible for any costs or expenses incurred by the Unsecured Claims Estate Representative in respect of evaluating, prosecuting or settling any of the Chapter 5 Causes of Action. To the extent Reorganized Teligent incurs costs or expenses as a result of such cooperation, such reasonable costs and expenses will be reimbursed by the Unsecured Claims Estate Representative.

D. *Business Day.* If any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

E. *Timing.* Wherever the Plan provides that a payment or distribution shall occur "on" any date, it shall mean "on, or as soon as practicable after" such date.

F. *Manner of Payment.* Any payment made under the Plan by Reorganized Teligent may be made either by check or by wire transfer, unless otherwise agreed to by the Agent.

G. *Effectiveness of Documents.* From and after the Effective Date, all agreements entered into under the Plan and all other obligations imposed under the Plan shall be valid, binding and in full force and effect, and shall be fully enforceable in accordance with their terms.

H. *Winding Up Affairs.* On and after the Effective Date, Reorganized Teligent may take actions as set forth in the Plan without supervision or Bankruptcy Court approval and free of all restrictions of the Bankruptcy Code or the Bankruptcy Rules, other than any restrictions expressly imposed by the Plan or the Confirmation Order. Without limiting the foregoing, Reorganized Teligent may pay charges incurred after the Confirmation Date for professional fees that, but for the occurrence of the Confirmation Date, would constitute Professional Fee Claims, without application to the Bankruptcy Court.

I. *Corporate Action.*

1. *New Teligent Charter and New Teligent Bylaws.* On the Effective Date or as soon thereafter as is practicable, Reorganized Teligent shall file with the Secretary of State of the State of Delaware, in accordance with the applicable corporation laws of such state, the New Teligent Charter and such New Teligent Charter shall be the charter for Reorganized Teligent. The New Teligent Charter shall provide, among other things, for (a) the authorization of the New Teligent Common Stock, (b) to the fullest extent permitted by the corporate law of Delaware, a limitation on the personal liability of directors to Reorganized Teligent or its stockholders for monetary damage for breach of fiduciary duty as a director, (c) actions of Reorganized Teligent which require consent of the stockholders or the Stockholder Committee (or the Chair of the Stockholder Committee), as the case may be, pursuant to the Stockholders Agreement, and (d) a prohibition on the issuance of nonvoting equity securities to the extent required by section 1123(a)(6) of the Bankruptcy Code. The New Teligent Bylaws shall provide, among other things, that the Board of Directors shall initially consist of three members, and on the Effective Date, the New Teligent Bylaws shall become the bylaws of Reorganized Teligent.

2. *Board of Directors.* On the Effective Date, the operation of Reorganized Teligent shall become the general responsibility of their Boards of Directors, subject to, and in accordance with, the New Teligent Charter, the New Teligent Bylaws and the Stockholders Agreement. The initial Board of Directors for Reorganized Teligent shall consist of the individuals identified at or prior to the hearing to consider confirmation of the Plan. Such directors shall be deemed elected or appointed, as the case may be, pursuant to the Confirmation Order, but shall not

take office and shall not be deemed to be elected or appointed until the occurrence of the Effective Date. Those directors and officers not continuing in office shall be deemed removed therefrom as of the Effective Date pursuant to the Confirmation Order.

3. *Stockholders Agreement.* On the Effective Date, Reorganized Teligent and the Lenders as holders of the New Teligent Common Stock shall become parties to and bound by the Stockholders Agreement. The Stockholders Agreement shall provide, among other things, for (a) actions which require consent of the stockholders or the Stockholders Committee (or the Chair), as the case may be, (b) indemnification by Reorganized Teligent and the stockholders of each member of the Stockholder Committee, subject to limitation on indemnification for gross negligence and willful misconduct, and exculpation of liability of Stockholder Committee members to other stockholders or Reorganized Teligent other than for gross negligence or willful misconduct, (c) reimbursement of expenses of members of the Stockholder Committee or their advisors by Reorganized Teligent (members of the Stockholders Committee shall initially receive no compensation from Reorganized Teligent for serving on the Stockholder Committee), and (d) restrictions on the transfer by sale, assignment or otherwise of New Teligent Common Stock by holders thereof, unless the transferee signs the Stockholders Agreement.

4. *Authorization of Corporate Action.* Subject to the terms of the New Teligent Charter, the New Teligent Bylaws for Reorganized Teligent and the Stockholders Agreement, the occurrence of the Effective Date shall constitute authorization for the Debtors or Reorganized Teligent to take or cause to be taken any corporate action necessary or appropriate before or after the Effective Date for the effectuation of the Plan, including, all steps necessary, if any, for Reorganized Teligent to issue the New Teligent Common Stock and to file tax returns or to terminate the Debtors' corporate existence. All such actions shall be deemed to have been approved by the Bankruptcy Court, and all such actions and the other matters provided for under the Plan involving corporate action to be taken by or required of a Debtor will occur and be effective as provided in the Plan, and will be authorized and approved in all respects and for all purposes without any requirement of further action by any stockholders, voting trustees or directors of any of the Debtors.

J. *Compromise of Controversies.* Pursuant to Bankruptcy Rule 9019, and in consideration for the classification, distribution and other benefits provided by the Lenders under the Plan, the provisions of this Plan, including without limitation the distributions to be made to Holders of Allowed General Unsecured Claims, General Administrative Claims, Administrative Convenience Claims, Priority Claims, Priority Convenience Claims and Other Secured Claims pursuant to the Plan, shall constitute a good faith compromise and settlement of all Claims and controversies resolved pursuant to the Plan. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of each of the foregoing compromises or settlements, and all other compromises and settlements provided for in the Plan, and the Bankruptcy Court's findings shall constitute its determination that such compromises and settlements are in the best interests of the Debtors, the estates, the creditors and other parties in interest, and are fair, equitable and within the range of reasonableness.

K. *Insurance Preservation.* Nothing in this Plan, including any releases, shall diminish or impair the enforceability of any Insurance Policies that may cover Claims against the Debtors or any other Person.

## **ARTICLE VII EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

A. *Rejection of Executory Contracts and Unexpired Leases.* Except as otherwise set forth herein, on the Confirmation Date, all executory contracts or unexpired leases of the Debtors will be deemed rejected in accordance with sections 365 and 1123 of the Bankruptcy Code, except those executory contracts and unexpired leases that (i) have been assumed by order of the Bankruptcy Court, (ii) are the subject of a motion to assume pending on the Effective Date, (iii) are identified on a list to be filed with the Bankruptcy Court on or before the Confirmation Date, or (iv) are assumed under the Plan. Entry of the Confirmation Order by the clerk of the Bankruptcy Court shall constitute approval of such rejections pursuant to sections 365(a) and 1123 of the Bankruptcy Code.

B. *Benefit Plans.* On the Confirmation Date, all benefit plans of the Debtors for any of their employees set forth in the Plan Supplement shall be deemed terminated.

**ARTICLE VIII**  
**CONDITIONS PRECEDENT TO CONFIRMATION**  
**AND EFFECTIVE DATE OF THE PLAN**

*A. Conditions Precedent to Confirmation Date of the Plan.* The occurrence of the Confirmation Date shall be subject to satisfaction of the following conditions precedent:

1. The entry of the Confirmation Order in form and substance satisfactory to the Debtors and the Agent.
2. The Holders of all General Administrative Claims and Priority Claims have consented to or have been deemed to consent to the treatment set forth in Article IV of the Plan, including without limitation, their potential receipt of less than the full amount to which they would otherwise be entitled under the Bankruptcy Code.
3. Class 4 shall have voted to accept the Plan.

*B. Conditions Precedent to Effective Date of the Plan.* The occurrence of the Effective Date and the substantial consummation of the Plan are subject to satisfaction of the following conditions precedent:

1. *Confirmation Order:* The Confirmation Order shall be in full force and effect and shall not be subject to appeal, reconsideration, modification, or stay, or a motion, pleading, or other filing seeking an appeal, reconsideration, modification, or stay.
2. *Execution of Documents; Other Actions:* All other actions and documents necessary to implement the Plan, including as set forth in the Plan Supplement, shall have been effected or executed.
3. *Funds:* The Professional Fee Reserve Fund, the Claim Fund and the Unsecured Claim Fund shall be funded.
4. *Class 3 Claims:* The Debtors and the Agent have determined that the business plan and financial projections for Reorganized Teligent will not be modified in any material respect as a result of any distributions to Holders of Claims in Class 3.
5. *Regulatory Approvals:* All federal, state and local regulatory approvals necessary to implement the Plan shall have been received.
6. *Budget:* An initial budget for the four-month period after the Effective Date for Reorganized Teligent shall have been accepted by the Agent.
7. *Date:* The Effective Date shall not occur later than September 15, 2002.

*C. Waiver of Conditions Precedent:* To the extent legally permissible, each of the conditions precedent in this Article may be waived, in whole or in part, by the Debtors, with the consent of the Agent. Any such waiver of a condition precedent may be effected at any time, without notice or leave or order of the Bankruptcy Court and without any formal action other than proceeding as if such condition did not exist.

**ARTICLE IX**  
**PLAN MODIFICATION**

The Debtors may alter, amend, or modify the Plan under section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 at any time before the Confirmation Date, with the Agent's consent, without an additional vote if the Bankruptcy Court finds, after notice and a hearing, to the extent necessary, that the proposed modification does not adversely change the treatment of any Class 4 Claim of any Person who has not accepted the modification. After the Confirmation Date and before substantial consummation of the Plan, the Debtors have the right under

section 1127 of the Bankruptcy Code, to amend or modify the Plan in accordance with the Bankruptcy Code, if circumstances warrant amendment or modification and if, after notice and hearing, to the extent necessary, the Bankruptcy Court confirms the Plan as amended or modified.

## **ARTICLE X RETENTION OF JURISDICTION**

The Bankruptcy Court will retain and have exclusive jurisdiction over the Chapter 11 Cases for the following purposes:

1. to determine objections to the allowance of Claims;
2. to determine motions to estimate Claims at any time, regardless of whether the Claim to be estimated is the subject of a pending objection, a pending appeal, or otherwise;
3. to determine motions to subordinate Claims at any time and on any basis permitted by applicable law;
4. to determine applications for the rejection or assumption of executory contracts or unexpired leases to which the Debtors are a party or with respect to which any Debtor may be liable, and to hear and determine, and if need be to liquidate, any and all Claims arising therefrom;
5. to determine applications, adversary proceedings and contested or litigated matters and all Chapter 5 Causes of Action, whether pending on the Effective Date or commenced thereafter;
6. to consider any Plan modifications, to cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court;
7. to determine all controversies, suits and disputes that may arise in connection with the interpretation or consummation of the Plan or the documents filed pursuant to the Plan Supplement or Reorganized Teligent's obligations under the Plan;
8. to issue orders in aid of execution of the Plan to the extent authorized by section 1142 of the Bankruptcy Code;
9. to determine such other matters as may be set forth in the Confirmation Order or as may arise in connection with the Plan, the documents filed pursuant to the Plan Supplement or the Confirmation Order;
10. to determine any and all applications for allowance of compensation and reimbursement of expenses and any other fees and expenses authorized to be paid or reimbursed under the Bankruptcy Code or the Plan;
11. to enforce creditors' rights to payments and to the delivery of money or other Property to which holders of Allowed Claims may be entitled under the Plan;
12. to determine any matter or dispute in connection with the Funds;
13. to issue injunctions, enter and implement other orders to take such other actions as may be necessary or appropriate to restrain interference by any Person with consummation, implementation or enforcement of the Plan, the documents filed pursuant to the Plan Supplement or the Confirmation Order; and
14. to enter a final decree closing the Chapter 11 Cases.

## ARTICLE XI RELEASES AND INJUNCTION

*A. Subordination.* The classification and manner of satisfying all Claims and Equity Interests and the respective distributions and treatments hereunder take into account and/or conform to the relative priority and rights of the Claims and Equity Interests in each Class in connection with any contractual, legal and equitable subordination rights relating thereto whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code or otherwise, and any and all such rights are settled, compromised and released pursuant hereto. The Confirmation Order shall permanently enjoin, effective as of the Effective Date, all Persons from enforcing or attempting to enforce any such contractual, legal and equitable subordination rights satisfied, compromised and settled in this manner.

*B. Limited Releases by Debtors.* Except as otherwise specifically provided herein, for good and valuable consideration, including in the case of the Lenders, the funding of the Chapter 11 Cases pursuant to the Cash Collateral Order, the funding to be provided by the Lenders under the Plan, and the obligations and undertakings of the Lenders set forth in the Plan; and in the case of the D&O Releasees and the Committee Releasees, the service of the D&O Releasees and the Committee Releasees to facilitate the expeditious reorganization of the Debtors and the implementation of the restructuring contemplated by the Plan, the D&O Releasees, the Bank Releasees and the Committee Releasees, on and after the Effective Date, are released by the Debtors and Reorganized Teligent from any and all Claims (as defined in section 101(5) of the Bankruptcy Code), obligations, rights, suits, damages, causes of action, remedies and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, that any Debtor or the subsidiary of any Debtor, or any person claiming derivatively through or on behalf of any Debtor or any such subsidiary would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or Equity Interest or other Person, based in whole or in part upon any act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date.

*C. Limited Releases by Holders of Claims.* On and after the Effective Date, except as otherwise specifically provided herein, for good and valuable consideration, including in the case of the Lenders, the funding of the Chapter 11 Cases pursuant to the Cash Collateral Order, the funding to be provided by the Lenders under the Plan, and the obligations and undertakings of the Lenders set forth in the Plan; and in the case of the D&O Releasees and the Committee Releasees, the service of the D&O Releasees and the Committee Releasees to facilitate the expeditious reorganization of the Debtors and the implementation of the restructuring contemplated by the Plan, each Holder of a Claim (a) who has accepted or is deemed to accept the Plan or (b) who may be entitled to receive a distribution of property in connection with the Plan (in each case regardless of whether a proof of claim was filed, whether or not Allowed and whether or not the Holder of such claim has voted on the Plan) shall be deemed to have unconditionally released the D&O Releasees, the Bank Releasees and the Committee Releasees from any and all Claims (as defined in section 101(5) of the Bankruptcy Code), obligations, rights, suits, damages, causes of action, remedies and liabilities whatsoever, including any derivative claims on behalf of Debtor, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, that such Person would have been legally entitled to assert (whether individually or collectively), based in whole or in part upon any act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date in any way relating or pertaining to (w) the purchase or sale, or the rescission of a purchase or sale, of any security of Debtor, (x) the Debtor or Reorganized Teligent, (y) the Chapter 11 Cases, or (z) the negotiation, formulation and preparation of the Plan, or any related agreements, instruments or other documents; except that nothing in this Article XI(C) or the following Article XI(D) shall be deemed a release of or an injunction against the pursuit of any claims or causes of action held by (i) the Lenders with respect to or arising as a result of, loans made under the Prepetition Credit Agreement after October 1, 2000; (ii) the United States Securities and Exchange Commission; or (iii) any Holder of an Equity Interest.

*D. Injunction.* As of the Confirmation Date, except as provided in the Plan or the Confirmation Order, all Persons that have held, currently hold or may hold a Claim or other debt or liability, or Equity Interest that is addressed in the Plan are permanently enjoined from taking any of the following actions on account of any such Claims, debts, interests or liabilities, other than actions brought to enforce any rights or obligations under the Plan: (i) commencing or continuing in any manner any action or other proceeding against the Debtors, Reorganized Teligent, the Releasees or their respective properties; (ii) enforcing, attaching,

collecting or recovering in any manner any judgment, award, decree or order against the Debtors, Reorganized Teligent, the Releasees or their respective properties; (iii) creating, perfecting or enforcing any lien or encumbrance against the Debtors, Reorganized Teligent, the Releasees or their respective properties; (iv) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to the Debtors, Reorganized Teligent, the Releasees or their respective properties, and (v) commencing or continuing, in any manner or any place, any action that does not comply with or is inconsistent with the provisions of the Plan or the Confirmation Order.

*E. Preservation of Rights.* Unless a cause of action against any Person or entity is expressly waived, relinquished, released, compromised or otherwise settled in the Plan or any Final Order, the Debtors expressly reserve any and all actual or potential causes of action (known or unknown), whether or not described in the Plan or otherwise disclosed to the Bankruptcy Court, for later adjudication (pursuant to the terms of the Plan) and therefore no preclusion doctrine, including without limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches shall apply to any such causes of action upon the confirmation or consummation of the Plan.

## ARTICLE XII MISCELLANEOUS PROVISIONS

*A. Title to Assets.* Except as otherwise provided by the Plan, on the Effective Date, title to all Property shall vest in Reorganized Teligent free and clear of all claims, security interests, liens and equity interests in accordance with section 1141 of the Bankruptcy Code.

*B. Payment of Statutory Fees.* All fees payable under 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the hearing under section 1128 of the Bankruptcy Code, shall be paid on or before the Effective Date.

*C. No Transfer Taxes.* Pursuant to section 1146 of the Bankruptcy Code, the issuance, transfer or exchange of any security under the Plan, or the making or delivery of an instrument to transfer under the Plan, may not be taxed under any law imposing a stamp or similar tax.

*D. Section 1145 Exemption.* To the maximum extent provided by section 1145 of the Bankruptcy Code and applicable nonbankruptcy laws, the issuance of the New Teligent Common Stock shall be exempt from registration under the Securities Act of 1933, as amended.

*E. Exculpation.* The Debtor, Reorganized Teligent, the D&O Releasees, the Bank Releasees and the Creditors Committee Releasees, and their respective members and professionals (acting in such capacity) shall neither have nor incur any liability to any Person for any act taken or omitted to be taken in connection with or related to the formulation, preparation, dissemination, implementation, administration, Confirmation or Consummation of the Plan, the Disclosure Statement or any contract, instrument, release or other agreement or document created or entered into in connection with the Plan, or any act taken or omitted to be taken in connection with, in contemplation of, during or in any way related to the Chapter 11 Cases.

*F. Committee.* The Creditors' Committee shall be dissolved on the Effective Date. On such date, its members, professionals and agents shall be deemed released of their duties and obligations, and shall be without further duties or authority in connection with the Debtors, the Chapter 11 Cases, the Plan or its implementation.

*G. Headings.* Headings are used in the Plan for convenience and reference only, and shall not constitute a part of the Plan for any other purpose.

*H. Binding Effect.* The Plan shall be binding upon and inures to the benefit of the Debtors, Reorganized Teligent, the holders of Claims and Equity Interests, and their respective successors and assigns.

*I. Plan Controls.* To the extent the Plan is inconsistent with the Disclosure Statement, the provisions of the Plan shall be controlling.



*J. Revocation or Withdrawal.*

1. *Right to Revoke.* The Debtors reserve the right to revoke or withdraw the Plan prior to the Effective Date, with the Agent's consent.

2. *Effect of Withdrawal or Revocation.* If the Debtors revoke or withdraw the Plan prior to the Effective Date, or if the Effective Date does not occur, then the Plan shall be deemed null and void. In such event, nothing contained herein shall be deemed to constitute a waiver or release of any claims by or against the Debtors or any other Person or to prejudice in any manner the rights of the Debtors or any Person in any further proceedings involving the Debtors.

*K. Substantial Consummation.* On the Effective Date, the Plan shall be deemed to be substantially consummated under 11 U.S.C. §§ 1101 and 1127(b).

*L. Notices.* Any notice required or permitted to be provided under the Plan or Disclosure Statement shall be in writing and served by either (1) certified mail, return receipt requested, postage prepaid, (2) hand delivery, or (3) reputable overnight delivery service, delivery prepaid, to be addressed as follows:

1. If to the Debtors:

Teligent, Inc.  
460-Herndon Parkway  
Suite 100  
Herndon, VA 20170  
Attn: Jim Continenza  
Stuart Kupinsky

with a copy to:

Kirkland & Ellis  
153 East 53rd Street  
New York, New York 10022  
Attn: James H.M. Sprayregen, P.C.

Kirkland & Ellis  
200 East Randolph Drive  
Chicago, Illinois 60601  
Attn: Matthew N. Kleiman  
Anup Sathy

2. If to Reorganized Teligent:

Reorganized Teligent  
460-Herndon Parkway  
Suite 100  
Herndon, VA 20170  
Attn: Jim Continenza  
Stuart Kupinsky

*M. Governing Law.* Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules), the laws of the State of New York shall govern the construction and implementation of the Plan and any agreements, documents, and instruments executed in connection with the Plan.

*N. Withholding and Reporting Requirements.* In connection with the Plan and all instruments issued in connection therewith and distributions thereon, Reorganized Teligent shall comply with any withholding and

reporting requirements imposed by any federal, state, local, or foreign taxing authority and all distributions hereunder shall be subject to any such withholding and reporting requirements.

Dated: September 5, 2002

Respectfully submitted,

TELIGENT, INC.

By: /s/ James V. Continenza

TELIGENT SERVICES, INC.

By: /s/ James V. Continenza

XANDU SHELL CORP. (f/k/a AMERICAN LONG LINES, INC.)

By: /s/ James V. Continenza

ASSOCIATION COMMUNICATIONS, INC.

By: /s/ James V. Continenza

AUCTEL, INC.

By: /s/ James V. Continenza

BACKLINK, L.L.C.

By: /s/ James V. Continenza

WINSTON SHELL CORP. (f/k/a EASTON TELECOM SERVICES, INC.)

By: /s/ James V. Continenza

QUINCY SHELL CORP. (f/k/a EXECUTIVE  
CONFERENCE, INC.)

By: /s/ James V. Continenza

FIRSTMARK COMMUNICATIONS, INC.

By: /s/ James V. Continenza

SAWYER SHELL CORP. (f/k/a INFINET  
TELECOMMUNICATIONS, INC.)

By: /s/ James V. Continenza

JTEL, L.L.C.

By: /s/ James V. Continenza

KATLINK, L.L.C.

By: /s/ James V. Continenza

OMC COMMUNICATIONS, INC

By: /s/ James V. Continenza

QUADRANGLE INVESTMENTS, INC.

By: /s/ James V. Continenza

ATLANTIS II SHELL CORP. (f/k/a  
TELECOMMUNICATIONS CONCEPTS, INC.)

By: /s/ James V. Continenza

TELIGENT COMMUNICATIONS, L.L.C.

By: /s/ James V. Continenza

TELIGENT LICENSE CO. I, L.L.C.

By: /s/ James V. Continenza

TELIGENT LICENSE CO. II, L.L.C.

By: /s/ James V. Continenza

TELIGENT OF VIRGINIA, INC.

By: /s/ James V. Continenza

TELIGENT PROFESSIONAL SERVICES, INC.

By: /s/ James V. Continenza

TELIGENT TELECOMMUNICATIONS, L.L.C.

By: /s/ James V. Continenza

James H.M. Sprayregen, P.C. (JS-7757)  
Jonathan S. Henes (JH 1979)  
Michael J. Frishberg (MF-5619)  
Kirkland & Ellis  
153 East 53rd Street  
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(212) 446-4800

Matthew N. Kleiman (MK-3828)  
Anup Sathy (AS-4915)  
KIRKLAND & ELLIS  
200 East Randolph Drive  
Chicago, Illinois 60601  
(312) 861-2000

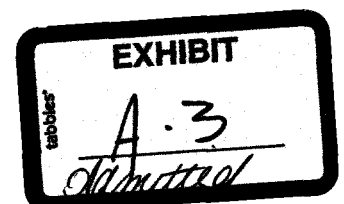
Attorneys for Debtors and Debtors-in-Possession

**TELIGENT, INC. AND SUBSIDIARIES**

**Consolidated Financial Statements**

**December 31, 2002**

**(With Independent Auditors' Report Thereon)**





1660 International Drive  
McLean, VA 22102

### Independent Auditors' Report

To the Board of Directors and Stockholders  
Teligent, Inc. and Subsidiaries:

We have audited the accompanying consolidated balance sheet of Teligent, Inc. and subsidiaries as of December 31, 2002, and the related consolidated statements of operations, stockholders' equity, and cash flows for the period from September 12, 2002 (date of reorganization) to December 31, 2002. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Teligent, Inc. and subsidiaries as of December 31, 2002, and the results of their operations and their cash flows for the period from September 12, 2002 (date of reorganization) to December 31, 2002 in conformity with accounting principles generally accepted in the United States of America.

**KPMG LLP**

March 28, 2003



KPMG LLP, KPMG LLP a U.S. limited liability partnership, is a member of KPMG International, a Swiss entity.

**TELIGENT, INC. AND SUBSIDIARIES****Consolidated Balance Sheet**

December 31, 2002

**Assets****Current assets:**

Cash	\$ 18,861,435
Accounts receivable, net of allowance for doubtful accounts of \$38,675 at December 31, 2002	691,651
Other receivables	472,861
Prepaid expenses and other	1,100,225
Restricted cash	2,821,577

Total current assets 23,947,749

Property and equipment, net

5,276,871

Deposits

244,994

Intangible assets

26,000,000

Total assets \$ 55,469,614

**Liabilities and Stockholders' Equity**

Estate claims liability

\$ 4,592,281

Accounts payable

93,254

Accrued expenses

375,951

Accrued employee compensation and benefits

249,464

Accrued taxes

793,777

Deferred revenue

61,846

Total current liabilities 6,166,573

**Stockholders' equity:**

Common stock, \$0.01 par value. Authorized 20,000 shares; issued  
and outstanding 8,000 shares as of December 31, 2002

80

Additional paid-in capital

52,059,605

Accumulated deficit

(2,756,644)

Total stockholders' equity 49,303,041

Commitments and contingencies

Total liabilities and stockholders' equity \$ 55,469,614

See accompanying notes to consolidated financial statements.

**TELIGENT, INC. AND SUBSIDIARIES****Consolidated Statement of Operations**

Period from September 12, 2002 (date of reorganization) to December 31, 2002

Revenue:	
Long distance resale	\$ 1,120,200
Private line services	102,882
Total revenue	<u>1,223,082</u>
Operating expenses:	
Long distance resale	577,402
Warehouse costs	113,714
Other direct costs	72,715
Selling, general, and administrative costs	3,262,138
Depreciation and amortization	116,531
Total operating expenses	<u>4,142,500</u>
Operating loss	<u>(2,919,418)</u>
Other income:	
Interest income	44,254
Other income	118,520
Total other income	<u>162,774</u>
Net loss	<u>\$ (2,756,644)</u>

See accompanying notes to consolidated financial statements.



**TELIGENT, INC. AND SUBSIDIARIES****Consolidated Statement of Stockholders' Equity**

Period from September 12, 2002 (date of reorganization) to December 31, 2002

	<b>Common stock</b>	<b>Additional paid-in capital</b>	<b>Accumulated deficit</b>	<b>Total</b>
Balance at September 12, 2002	\$ 80	52,059,605	—	52,059,685
Net loss	—	—	(2,756,644)	(2,756,644)
Balance at December 31, 2002	\$ 80	52,059,605	(2,756,644)	49,303,041

See accompanying notes to consolidated financial statements.

**TELIGENT, INC. AND SUBSIDIARIES****Consolidated Statement of Cash Flows**

Period from September 12, 2002 (date of reorganization) to December 31, 2002

Cash flows from operating activities:	
Net loss	\$ (2,756,644)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation and amortization	116,531
Changes in assets and liabilities:	
Decrease in trade accounts receivable	363,302
Decrease in prepaid expenses and other assets	652,307
Decrease in accounts payable	(404,426)
Decrease in accrued expenses	(987,959)
Decrease in deferred revenue	(11,545)
Decrease in estate claims liabilities	(345,189)
Net cash used in operating activities	<u>(3,373,623)</u>
Cash flows from investing activities:	
Purchase of property and equipment	(113,708)
Sale of property and equipment	506,953
Increase in restricted cash	<u>(76,317)</u>
Net cash provided by investing activities	<u>316,928</u>
Net decrease in cash	<u>(3,056,695)</u>
Cash, beginning of period	<u>21,918,130</u>
Cash, end of period	<u>\$ 18,861,435</u>

See accompanying notes to consolidated financial statements.

**TELIGENT, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

December 31, 2002

**(1) Organization and Description of Business**

Teligent, Inc. ("Teligent" or the "Company") was formed in 1997 in the State of Delaware for the purpose of providing fixed wireless solutions. On May 21, 2001, the Company voluntarily filed for a petition for relief under Chapter 11 of the United States Bankruptcy Code. The Bankruptcy Court confirmed the Company's plan of reorganization on September 6, 2002 and the plan was made effective on September 12, 2002. It was determined that the Company's reorganization value computed immediately before September 12, 2002, the effective date of the plan of reorganization, was \$52,060,000, which consisted of the following:

Cash	\$ 21,918,000
Restricted cash	2,745,000
Other assets	3,525,000
Net realizable value of long-term assets	5,787,000
Intangible assets	26,000,000
Accounts payable and accrued expenses	(2,978,000)
Estate claims liabilities	(4,937,000)
Total	<u>\$ 52,060,000</u>

The reorganization value of the Company was determined in consideration of several factors and by reliance on various valuation methods, including discounted cash flows.

Upon reorganization, the Company adopted fresh-start reporting because holders of existing voting shares immediately before filing and confirmation of the plan received less than 50% of the voting shares of the emerging entity and its reorganization value is less than the Company's post-petition liabilities and allowed claims, which totaled approximately \$111,843,000.

The Company's current business relates primarily to the resale of long distance services. The Company also provides local private line services, which is a licensed digital point-to-point service designed for carriers and customers who require scalable bandwidth and secure direct connectivity to multiple locations. The Company's network uses millimeterwave technology to offer T1 to OC-Level connectivity. The Company currently offers its services in 74 markets in the United States.

The Company operates in a competitive environment and inherent in the Company's business are various risks and uncertainties, which include its limited operating history since reorganization under Chapter 11 of the United States Bankruptcy Code and an unproven business model. The Company's success may depend in part upon the industry's economic recovery, prospective product and service developments and the acceptance of the Company's offerings by the marketplace. The Company is not currently generating sufficient cash flows from operations to support its planned future operating and capital requirements. The Company may be dependent upon its stockholders and other financing sources to fund these requirements.

**(2) Summary of Significant Accounting Policies****(a) Basis of Presentation**

The accompanying financial statements represent the consolidated balance sheet of Teligent, Inc. and its subsidiaries as of December 31, 2002, and the related consolidated statement of operations,

**TELIGENT, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

December 31, 2002

stockholders' equity and cash flows for the period from September 12, 2002 (date of reorganization) through December 31, 2002.

**(b) *Principles of Consolidation***

The consolidated financial statements include the financial statements of Teligent, Inc. and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

**(c) *Cash and Cash Equivalents***

For purposes of the consolidated statement of cash flows, the Company considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

**(d) *Restricted Cash***

Restricted cash consists of amounts held in escrow for the payment of future severance liabilities and amounts that collateralize letters of credit to guarantee payments on certain services.

**(e) *Trade Accounts Receivable***

Trade accounts receivable are recorded at the invoiced amount, do not bear interest and are unsecured. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company determines the allowance based on historical write-off experience and current economic conditions. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Company does not have any off-balance-sheet credit exposure related to its customers.

**(f) *Property and Equipment***

Property and equipment are recorded at cost or their fair value at September 12, 2002 (date of reorganization). Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets, which range from 3 to 10 years. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the asset.

**(g) *Intangible Assets***

Intangible assets consist of 24 gigahertz (GHz) wireless spectrum licenses granted by the Federal Communications Commission (FCC) and are recorded at their fair value at September 12, 2002 (date of reorganization). The wireless spectrum licenses have an indefinite useful life and are not amortized, but instead evaluated for impairment annually, or more frequently if events and circumstances indicate that the asset might be impaired. An impairment loss is indicated if the expected undiscounted cash flows is less than the carrying value of the asset. An impairment loss is recognized to the extent that the carrying amount exceeds the asset's fair value.

**TELIGENT, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

December 31, 2002

**(h) Revenue Recognition**

Revenue is earned primarily through the resale of long distance services and provision of private line services and is recognized when the services are provided, collection of the related receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed and determinable. Revenues are recorded net of any federal, state or local excise taxes. Payments received in advance of the provision of services are deferred until the service has been provided.

**(i) Income Taxes**

Income taxes are accounted for under the asset and liability method. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a tax rate change on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

**(j) Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the carrying amount of property and equipment and valuation allowances for receivables and deferred income tax assets. Actual results could differ from those estimates.

**(k) Recently Issued Accounting Standards**

In June of 2002, the FASB issued SFAS No. 146, *Accounting for Costs Associated with Exit or Disposal Activities*. SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when incurred at fair value. The Statement in turn eliminates the definition and requirements of EITF Issue 94-3. SFAS No. 146 is effective for exit or disposal activities that are initiated after December 31, 2002. The adoption of SFAS No. 146 is not expected to have a material effect on the Company's financial statements.

In November 2002, the FASB issued Interpretation No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness to Others, an interpretation of FASB Statements No. 5, 57 and 107 and a rescission of FASB Interpretation No. 34*. This Interpretation elaborates on the disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under guarantees issued. The Interpretation also clarifies that a guarantor is required to recognize, at inception of a guarantee, a liability for the fair value of the obligation undertaken. The initial recognition and measurement provisions of the Interpretation are applicable to guarantees issued or modified after December 31, 2002 and are not expected to have a material effect on the Company's financial statements. The disclosure requirements are effective for 2002.

**TELIGENT, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements****December 31, 2002**

In December 2002, the FASB issued SFAS No. 148, *Accounting for Stock-Based Compensation – Transition and Disclosure, an amendment of FASB Statement No. 123*. This Statement amends FASB Statement No. 123, *Accounting for Stock-Based Compensation*, to provide alternative methods of transition for a voluntary change to the fair value method of accounting for stock-based employee compensation. In addition, this Statement amends the disclosure requirements of Statement No. 123 to require prominent disclosures in both annual and interim financial statements. Certain of the disclosure modifications are required for fiscal years ending after December 15, 2002. The adoption of SFAS No. 148 is not expected to have a material effect on the Company's financial statements.

In January 2003, the FASB issued Interpretation No. 46, *Consolidation of Variable Interest Entities, an interpretation of ARB No. 51*. This Interpretation addresses the consolidation by business enterprises of variable interest entities as defined in the Interpretation. The Interpretation applies immediately to variable interests in variable interest entities created after January 31, 2003, and to variable interests in variable interest entities obtained after January 31, 2003. For nonpublic enterprises, such as the Company, with a variable interest in a variable interest entity created before February 1, 2003, the Interpretation is applied to the enterprise no later than the end of the first annual reporting period beginning after June 15, 2003. The application of this Interpretation is not expected to have a material effect on the Company's financial statements. The Interpretation requires certain disclosures in financial statements issued after January 31, 2003 if it is reasonably possible that the Company will consolidate or disclose information about variable interest entities when the Interpretation becomes effective. The adoption of Interpretation No. 46 is not expected to have a material effect on the Company's financial statements.

**(3) Fresh-Start Accounting**

Effective September 12, 2002, the Bankruptcy Court confirmed the Company's plan of reorganization. The confirmed plan provided for the following:

*Senior Debt* – The holders of a credit facility of approximately \$743,604,000, inclusive of accrued interest of approximately \$3,604,000, received 100% of the new issue of outstanding voting common stock of the Company. The holders of approximately \$679,039,000 of 11½% senior notes due in 2007 and 11½% senior discounted notes due in 2008, inclusive of accrued interest of \$17,250,000, did not receive any consideration.

*Trade and Other Miscellaneous Claims* – The holders of approximately \$111,843,000 of trade and other miscellaneous claims (including \$9,515,000 of tax liabilities) were granted a cash settlement of \$5,657,000. Prior to reorganization, approximately \$720,000 of these liabilities were settled.

*Preferred Stock and Common Stock* – The holders of 538,953 shares of preferred stock and 63,701,000 shares of the Company's existing common stock did not receive any compensation.

**TELIGENT, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

December 31, 2002

The Company accounted for the reorganization using fresh-start reporting. Accordingly, all assets and liabilities are restated to reflect their reorganization value, which approximates fair value at the date of reorganization. The following table summarizes the adjustments required to record the reorganization and the issuance of the various securities in connection with the implementation of the plan:

		<b>Recovery</b>	
		<b>Elimination of debt and equity</b>	<b>Cash</b>
Senior debt	\$ 1,422,643,000	(1,422,643,000)	—
Trade and other miscellaneous claims	115,811,000	(110,154,000)	(5,657,000)
	1,538,454,000	(1,532,797,000)	(5,657,000)
Preferred stockholders	538,953,000	(538,953,000)	—
Common stockholders	637,000	(637,000)	—
Accumulated deficit	(2,843,274,000)	2,843,274,000	—
Total	\$ (765,230,000)	770,887,000	(5,657,000)

**(4) Property and Equipment**

Property and equipment consists of the following at December 31, 2002:

Software	\$ 995,577
Hardware	203,039
Undeployed equipment	3,643,314
License perfection equipment	218,793
Furniture, fixtures, and equipment	157,238
Automobiles	88,441
Leaschold improvements	87,000
Total	5,393,402
Less accumulated depreciation and amortization	(116,531)
Total	\$ 5,276,871

**TELIGENT, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

December 31, 2002

**(5) Leases**

The Company leases office and warehouse space under operating leases that expire over various terms through 2008. These leases generally contain renewal options and require the Company to pay all executory costs such as maintenance and insurance. Future minimum lease payments under operating leases (with initial or remaining lease terms in excess of one year) as of December 31, 2002 are:

Year ending December 31:		
2003	\$	834,000
2004		793,000
2005		795,000
2006		819,000
2007		838,000
Thereafter		211,000
Total	\$	<u>4,290,000</u>

Rent expense under operating leases for the period from September 12, 2002 (date of reorganization) to December 31, 2002 was approximately \$290,000.

**(6) Income Taxes**

The Company has provided no current income taxes due to the losses incurred in the period.

A reconciliation of the statutory federal income tax rate and the effective income tax rate for the period from September 12, 2002 (date of reorganization) to December 31, 2002 follows:

Federal income tax benefit at statutory rate	(35.0%)
State income taxes net of federal benefit	(4.2%)
Net change in valuation allowance	39.2%
	<u>0.0%</u>

As of December 31, 2002, the Company had net deferred tax assets of approximately \$394,767,000, principally consisting of net operating loss carryforwards. As a result of changes in stock ownership, the future realization of net operating loss carryforwards and certain other tax credits will be limited on an annual and an aggregate basis. In addressing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. The Company considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projected future taxable income over the periods in which the deferred tax assets are deductible, management has determined that a valuation allowance of \$394,767,000 is required as of December 31, 2002.



**TELIGENT, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

December 31, 2002

**(7) Pension Plan**

The Company sponsors a defined contribution plan under Section 401(k) of the Internal Revenue Code covering substantially all employees. Employees may contribute up to 15% of their annual compensation to the plan. The Company makes matching contributions of 50% of the first 6% of employees' contributions. The Company contributed approximately \$22,000 to the plan for the period from September 12, 2002 (date of reorganization) to December 31, 2002.

**(8) Commitments and Contingencies**

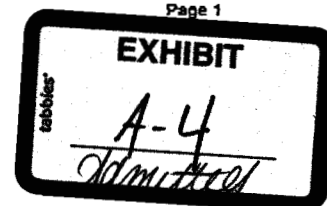
The Company has entered into an agreement to resell long distance services for Global Crossing Ltd. through November 12, 2003. In the event the Company does not meet minimum usage requirements under the agreement, the Company will be obligated to pay \$75,000 per month.

From time to time, the Company is a party to legal proceedings in the normal course of business. Based on evaluation of these matters and discussions with counsel, the Company believes that liabilities arising from these matters will not have a material adverse effect on the consolidated results of its operations or its financial position.

The Company has entered into various letter of credit agreements. As of December 31, 2002, the Company had outstanding approximately \$885,000 in letters of credit.

Teligent, Inc  
Condensed Consolidated Balance Sheet  
(Unaudited)

	March 31, 2003	February 28, 2003	Increase (Decrease)
<b>Assets:</b>			
Cash and cash equivalents	17,695,812	18,163,721	(467,909)
Accounts receivable, net	554,102	698,174	(144,072)
Tax receivables	393,483	393,483	0
Prepaid insurance	42,755	148,080	(105,325)
Prepaid services	470,367	889,727	(419,360)
Restricted Cash and Investments	2,513,109	2,505,666	7,443
Total current assets	21,669,628	22,798,851	(1,127,223)
Property and Equipment	5,180,660	5,393,401	(212,741)
Accumulated Depreciation Property and Equipment	(234,691)	(195,468)	(39,223)
Frequency 24 Ghz	26,000,000	26,000,620	(620)
Amortization Frequency 24 Ghz			0
Other deposit	215,229	245,394	(30,165)
Total Assets	52,830,826	54,240,798	(1,409,972)
<b>Liabilities:</b>			
Accounts Payable	53,161	72,442	(19,281)
Accrued Other	828,627	544,822	283,805
Accrued Salaries & Benefits	215,137	354,887	(139,750)
Accrued Taxes	699,710	745,388	(45,678)
Deferred Revenue	56,500	54,570	1,930
Accrued Severance	0	0	0
Total Current Liabilities	1,653,135	1,781,909	(128,774)
Deferred Sales and Use Tax	0	0	0
Estate Liabilities	4,128,112	4,517,612	(389,500)
Total Liabilities	5,781,247	6,299,521	(518,274)
<b>Stockholders' Equity:</b>			
Common Stock	80	80	0
Additional Paid-in Capital	52,059,654	52,350,939	(291,285)
Retained Earnings	(5,010,155)	(4,409,742)	(600,413)
Total Stockholders' Equity	47,049,579	47,941,277	(891,698)
Total Liabilities and Stockholders' Equity	52,830,826	54,240,798	(1,409,972)
	0	0	0



Teligent, Inc  
Condensed Consolidated Statement of Operations  
(Unaudited)

	Month Ended			Cumulative thru		
	03/31/03			03/31/03		
	Actual	Plan	Variance	Actual	Plan	Variance
<b>Revenues:</b>						
Communications Service Revenue	321,391	283,436	37,955	1,940,828	1,864,495	76,333
<b>Costs and expenses:</b>						
Cost of Services	343,855	231,293	112,562	1,183,007	1,525,769	(342,762)
Sales, General and Administrative	548,332	838,166	(289,834)	5,027,655	6,010,300	(982,645)
<b>EBITDA</b>	<u>(570,796)</u>	<u>(786,023)</u>	<u>215,227</u>	<u>(4,269,834)</u>	<u>(5,671,574)</u>	<u>1,401,740</u>
Other Income	1,191	1,191	0	(121,769)	(121,769)	0
Depreciation and Amortization	39,224	39,224	0	234,689	234,689	0
Total costs and expenses	<u>932,602</u>	<u>1,109,874</u>	<u>(177,272)</u>	<u>5,323,582</u>	<u>7,648,089</u>	<u>(1,325,407)</u>
<b>Net Profit / (Loss) from Operations</b>	<u>(611,211)</u>	<u>(826,438)</u>	<u>215,227</u>	<u>(4,382,754)</u>	<u>(5,784,494)</u>	<u>1,401,740</u>
Interest (Income) / Expense	<u>(10,794)</u>	<u>(10,794)</u>	<u>0</u>	<u>(67,051)</u>	<u>(67,051)</u>	<u>0</u>
<b>Net Profit / (Loss)</b>	<u>(600,417)</u>	<u>(815,644)</u>	<u>215,227</u>	<u>(4,515,703)</u>	<u>(5,717,443)</u>	<u>1,401,740</u>
<b>Net Profit / (Loss) per Common Share</b>	<u>(75.05)</u>	<u>(101.96)</u>	<u>26.90</u>	<u>(539.46)</u>	<u>(714.68)</u>	<u>175.22</u>
<b>Common Shares Outstanding</b>	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>

Teligent, Inc.  
Condensed Consolidated Statement of Cash Flow  
(Unaudited)

	<u>March 31,</u> <u>2003</u>
<b>Cash Flow from Operating Activities:</b>	
Net Income	(600,413)
Adjustments to Reconcile Net Income to Net Cash Provided:	
Operating Activities:	
Depreciation & Amortization Expenses	39,223
Net Change in Current Assets and Current Liabilities:	
Accounts Receivable	144,072
Prepaid Expenses and Other Current Assets	549,711
Accounts Payable	(19,281)
Accrued Expenses	(503,920)
Deferred Revenue	(8,070)
Settlement on Estate Liabilities	0
Net Cash Provided in Operating Activities	<u>(498,678)</u>
<b>Cash Flow from Investing Activities:</b>	
Purchase of Property and Equipment	0
Proceeds from Sale of Assets	34,453
Change in Restricted Cash and Investments	(3,684)
Net Cash Provided by Investing Activities	<u>30,769</u>
<b>Cash Flow from Financing Activities:</b>	
Proceeds from Foreign Subsidiaries	0
Net Cash Provided in Financing Activities	<u>0</u>
Net Change in Cash and Cash Equivalents	<u>(467,909)</u>
Cash and Cash Equivalents, Beginning of Period	18,163,721
Cash and Cash Equivalents, End of Period	<u>17,695,812</u>
Net Change in Cash and Cash Equivalents	<u>(467,909)</u>



## About Us

- Executives
- The Technology

## The Executive Team

### **JAMES V. CONTINENZA, CEO & President**

Mr. Continenza has been the most senior Officer at Teligent as well as Chief Operating Officer and a Director of Teligent since May 2001. He served as Senior Vice President of Sales and Operations of the company from October 2000 to May 2001. Mr. Continenza served Lucent Technologies Product Finance, a CIT Company, as its President and Chief Executive Officer from April 1999 to September 2000 and as its Senior Vice President-Worldwide Sales and Marketing from September 1997 to April 1999.

### **BILL MARSHALL, Chief Financial Officer & Treasurer**

Mr. Marshall has been Teligent's Assistant Treasurer since March 2002. He served as Director of Business Operations and Planning since November 2000. Mr. Marshall served Lucent Technologies as COO for its Enterprise Network Northeast Region Operation from 1999 to 2000, and was CFO for Lucent's Global Accounts Unit from 1996 to 1999. Mr. Marshall also served in a number of headquarters and field operational assignments with AT&T and Lucent in the areas of sales, marketing and business strategy from 1986 to 1996.

### **ALESSANDRA F. V. DAIGNEAULT, Vice President Legal Affairs**

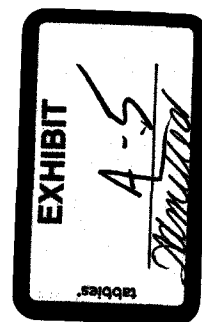
Ms. Daigneault has been the Vice President of contracts and real estate for Teligent since November 2000. She served as an Associate General Counsel of the company from July 1998 to November 2000 and was responsible for providing legal advice regarding corporate, contracts, real estate and other issues. Prior to joining the company in July 1998, Ms. Daigneault was a partner at Tucker, Flyer & Lewis (now Venable) in Washington, D.C., where her practice focused primarily on commercial and corporate transactional matters.

### **DENISSE GOLDBARG, Vice President Marketing**

Ms. Goldbarg has been the Vice President of Marketing of Teligent since May 2001. Ms. Goldbarg served as Director of Marketing Business Analysis of the company from February 2000 to May 2001, directing the development of product pricing and profitability measurement tools for all of Teligent's products. She served MCI WorldCom in a variety of strategic planning and analysis positions for its Local business unit from 1997 - 2000. At Colgate-Palmolive, Ms. Goldbarg held various marketing and brand management positions from 1994 - 1997.

### **ROSS SULLIVAN, Vice President Network Operations**

Mr. Sullivan has been Teligent's Vice President of Network Operations since February 2001. Mr. Sullivan has served in a variety of capacities



including National Vice President of Field Operations and Engineering from April 2000 to February 2001; Vice President of Network Services from August of 1999 to April 2000, and Director of Market Development from April 1998 to August 1999. He served as a manager of the Telecommunications Group for Pittiglio Rabin Todd and McGrath, a management consulting firm from 1995 to 1998 and previously held various engineering and technology management positions for Raytheon.

**BILL TYSON, Vice President Customer Services**

Mr. Tyson has been the Vice President of Customer Services for Teligent since February 2001. Mr. Tyson has served in a variety of capacities including Vice President of Sales Operations from February 2000 to February 2001, and Director of Local Order Provisioning/Customer Service from January 1998 to February 2000. He served MCI WorldCom as Director of Local Network Operations from November 1996 to January 1998. From May 1993 to November 1996, Mr. Tyson served MFS Communications as Director of Customer Service and Network Operations.

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## **William A. Lissemore – Director of Operations**

Directed operations and engineering for MFS Intelenet in NY, providing industries first CLEC services using on net and off net access. Committee chair for cocarrier-CLEC services development for MFS Intelenet and Nynex. Authored process for ordering, delivery and maintenance of SVGALS (Special Voice Grade Access Line Service), the predecessor of unbundled network loops. Developed technical specifications and participated in industry's first unbundled loop cutover in 1994. Negotiated and planned switching and trunking for cocarrier traffic exchange, 911, and operators services with LECS, IXC's, PSAPS, and service providers. Developed and implemented joint field operational and maintenance procedures between CLEC and ILEC. Oversaw the operation of an two switches, both Ericsson combination tandem and end office. At Teligent, managed and provided technical oversight on four class 5 switches homing traffic from 12 states, serving several thousand customers via approximately 600 network points of presence. Integrated several hundred customer lines per week and monitored quality metrics. Directed implementation of network trunking, including reciprocal trunking, 911, DA/OS, number portability and SS7. Provided customer maintenance via inside and outside field forces.

**Keith McColpin – Director of Operations**

Network engineering and planning experience including installation engineering, power sizing, tandem switch installation, network operation, and customer service. Past duties include dial plan development, call routing translations, traffic analysis, and capacity engineering. Have coordinated the installation of Class 5 switches in 8 domestic location and 5 international facilities. Duties with Teligent included the operation and management of a 4 state region with thousands of active customers.



MEMORANDUM

Working Copy  
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2002 JAN 11 P 2:41

AZ CORP COMMISSION  
DOCUMENT CONTROL

TO: Docket Control  
FROM: Ernest G. Johnson  
Director  
Utilities Division



DATE: January 10, 2002

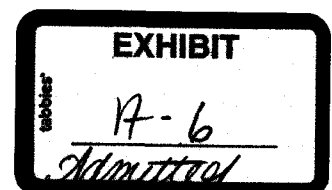
RE: STAFF REPORT FOR THE EMERGENCY APPLICATION OF TELIGENT SERVICES, INC. TO DISCONTINUE LOCAL EXCHANGE SERVICE AND FOR A WAIVER OF R14-2-1107 (B) - (DOCKET NO. T-03761A-01-0911)

Attached is the Staff Report for Teligent Services, Inc. to discontinue local exchange service. Staff recommends approval. Staff further recommends that a hearing should not be held in this matter.

EGJ:LAJ:nms

Originator: Linda A. Jaress

Attachment: Original and Ten Copies



Service List for: Teligent Services, Inc.  
Docket No. T-03761A-01-0911

Michael W. Patten, Esq.  
Roshka, Heyman & Dewulf  
400 East Van Buren Street, Suite 800  
Phoenix, Az. 85004

Christopher C. Kempley  
Chief, Legal Division  
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Arizona Corporation Commission  
1200 West Washington Street  
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**STAFF REPORT  
UTILITIES DIVISION  
ARIZONA CORPORATION COMMISSION**

**TELIGENT SERVICES, INC.**

**DOCKET NO. T-03761A-01-0911**

**EMERGENCY APPLICATION TO DISCONTINUE  
LOCAL EXCHANGE SERVICE**

**JANUARY 2002**

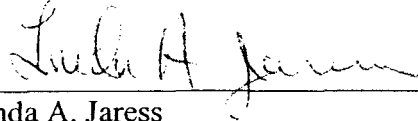
**EXECUTIVE SUMMARY  
TELIGENT SERVICES, INC.  
DOCKET NO. T-03761A-01-0911**

Teligent Services, Inc. holds an Arizona CC&N to provide local telecommunications service, intrastate facilities-based and resold intrastate toll and non-switched private line services. On November 15, 2001, Teligent Services, Inc. filed an emergency application to discontinue basic local service effective December 15, 2001, and for approval of a waiver of R14-2-1107 (B).

In Decision No. 64250, the Commission granted the waiver under several conditions. Staff believes the Company has complied with the conditions in that Decision. Staff recommends approval of Teligent Services, Inc.'s application to discontinue service. Staff also believes that Teligent Services, Inc. is no longer a fit and proper entity to provide local exchange service and recommends the Commission revoke its CC&N to provide that specific service.

## STAFF ACKNOWLEDGMENT

The Staff Report for Teligent Services, Inc., Docket No. T-03761A-01-0911 was the responsibility of the Staff member listed below. Linda A. Jaress was responsible for the review and analyses of the Company's application.

A handwritten signature in cursive script, reading "Linda A. Jaress", is written over a horizontal line.

Linda A. Jaress  
Executive Consultant III

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## **Background**

On November 15, 2001, Teligent Services, Inc. ("Teligent") filed an "emergency" application to discontinue basic local service effective December 15, 2001 and for approval of a waiver of R14-2-1107 (B). On November 19, 2001, Staff filed an Open Meeting Memorandum and Proposed Order recommending denial of the waiver. On December 4, 2001, the Commission signed Decision No. 64250 granting a waiver under several conditions.

In the Decision, the Commission directed Teligent to provide additional notice to the customers whose service would be discontinued and provided language for that notice. The Commission also directed Teligent to assist customers who could not receive service from a different provider until after December 15, 2001. Finally, the Commission required Teligent to continue to provide service to those customers until they receive local exchange service from another provider.

## **Teligent**

Teligent holds an Arizona CC&N to provide local telecommunications service, intrastate facilities-based and resold intrastate toll and non-switched private line services. On May 21, 2001, Teligent, Inc. and all of its direct and indirect subsidiaries including Teligent, filed voluntary petitions for relief under Chapter 11 of the U.S. Bankruptcy Code with the U.S. Bankruptcy Court in order to restructure its long-term debt. In conjunction with the bankruptcy proceedings, Teligent, Inc. entered into an interim arrangement with its lenders to provide funds for near-term operations for itself and its subsidiaries.

As stated in the application at issue, Teligent Inc.'s creditors indicated that they will not "make sufficient funds available to continue all of Teligent's current operations" and that by December 15, 2001, Teligent would not have sufficient funds to continue basic local service. Thus, Teligent requested approval to discontinue local service on December 15, 2001.

## **Current Status of Local Service Customers**

On December 10, 2001, the Company filed a letter to the Director of the Utilities Division verifying that it had provided the additional required notice by two-day delivery service mail with tracking and signature required to all local exchange service customers of record in Arizona and provided a copy of the notice.

Since the Commission's Decision on the waiver request, the Consumer Services Section has received several calls from customers who were unable to receive service from another provider by December 15, 2001. Teligent, Qwest and Staff have cooperated in finding the customers local service before Teligent discontinued their service. To Staff's knowledge, no former Teligent local service customers were without service between providers. Staff believes that Teligent has fully complied with the Commission's Decision No. 64250.

**Cancellation of CC&N to Provide Local Exchange Service**

Although Teligent prefers to retain its CC&N to provide basic local exchange service, Staff believes that the Commission should cancel the CC&N only for local exchange service for two reasons. Currently Teligent's financial health is poor enough to foreclose any opportunity to acquire external financing and has forced the company into bankruptcy. Also, the discontinuation of local exchange service has caused some customers the stress and inconvenience of finding another provider in a relatively short time. Therefore, Staff believes that Teligent is no longer a fit and proper entity to hold a CC&N to provide local exchange service.

**Conclusions and Recommendations**

Teligent is no longer able to provide local exchange service and requests the Commission's approval to discontinue service. Staff recommends approval to discontinue local exchange service.

Staff also recommends that Teligent's CC&N to provide local exchange service be rescinded.



<Date>

<Customer Name>

<Company Name>

<Address>

<City, State Zip>

Dear <Customer Name>:

Because Teligent values your business, we want to make sure that you are notified personally of a recent development regarding our business operations.

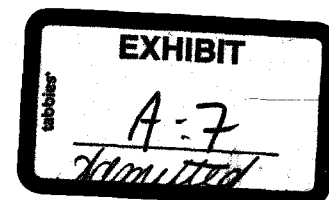
On May 21, Teligent announced that it had voluntarily filed a petition under Chapter 11 of the U.S. Bankruptcy Code in order to reorganize its operations and financial structure. Chapter 11 status will enable Teligent to reorganize its debt and capital structure under court supervision so that it can continue to offer and provide high-quality broadband services. We expect to continue day-to-day operations while we use the reorganization process to regain the financial strength required to compete effectively and bring the benefits of competition to businesses.

This Chapter 11 filing does not mean that we are going out of business. Instead, it provides us the opportunity to position ourselves for a viable future. During this reorganization period, we plan to continue operations throughout our service territory, although some restructuring of certain market operations will be necessary. Please be assured that should Teligent find it necessary to implement changes that would result in our inability to provide certain services to your location, we will provide you with 30 days' notice to enable you to find an alternative service provider. In addition, we will use our best efforts to facilitate the seamless transition of those services to the alternative provider of your choice. Remember that customer satisfaction is our number one priority, and we will see to it that our customers receive the high-quality attention that we've always provided.

To further address any questions or concerns you may have, we have enclosed a Question and Answer (Q&A) document that should provide responses to most of your questions. If you have additional questions regarding this correspondence, Customer Services is ready to assist you, 24 hours a day, at 1-888- 411-1175.

Sincerely,

Yoav Krill  
Chief Executive Officer



## **Customer Q&A**

### **1. Will my Teligent service be affected by the Chapter 11 filing?**

The majority of Teligent's customers will not be affected by this filing. Teligent intends to continue to serve those business customers with broadband voice and data services – without interruption. The satisfaction of our customers is our number one priority, and we will see to it that our customers continue to receive the high-quality attention that we've provided them in the past.

While the Chapter 11 process will be transparent to most of our customers, because it involves a reorganization and restructuring of our operations as well as our financial obligations, some services at some locations will be affected. Please be assured that Teligent will provide 30 days' notice to you if we determine that we will no longer be able to provide a service to your location.

### **2. Why did Teligent file for Chapter 11 bankruptcy protection?**

A Chapter 11 filing gives a company protection by the courts to operate its business while it works with creditors to reorganize its finances. Teligent is taking advantage of Chapter 11 bankruptcy protection to reorganize its debt and capital structure to regain the financial strength it requires to continue to provide high-quality broadband services. Companies file for Chapter 11 bankruptcy protection because it provides a process for the company to emerge as a viable business, unlike a Chapter 7 filing which results in the complete liquidation of the assets of a company.

### **3. What is Chapter 11?**

It is the section of the federal bankruptcy law that governs the reorganization of businesses. It affords financially challenged businesses time to restructure and reorganize debts to avoid liquidation.

Many major companies have undergone reorganization under Chapter 11 and emerged successfully. These companies include such well-known names as Harley-Davidson Motorcycles, Continental Airlines, Vlasic, Fruit of the Loom, Macy's, and Toys "R" Us.

### **4. How does the reorganization process work?**

Under Chapter 11 reorganization, a company protects its ongoing business from financial claims it incurred prior to the filing during the time it focuses on a restructuring plan. Essentially, it freezes all debt outstanding as of the filing to be later resolved under court supervision through the reorganization process.

**5. How can Teligent continue to serve its customer base with fewer employees?**

As you may know, the most recent workforce reduction was the third the company has had in the past several months. With each reduction, Teligent's internal processes have become more streamlined and efficient, enabling us to focus on our number one objective – providing excellent service to our customers. Our most recent downsizing will not impair our ability to continue this focus.

**6. Will Teligent's prices for its services change?**

Teligent's Chapter 11 filing will not affect the prices for our service offerings. We will continue to pass along significant savings to our customers.

**7. If I have further questions about Teligent's Chapter 11 filing or about my service, whom can I contact?**

If you have additional questions regarding this correspondence, please visit our website at [www.teligent.com](http://www.teligent.com) or call Teligent Customer Services, 24 hours a day, at (888) 411-1175.



8065 Leesburg Pike  
Suite 400  
Vienna, VA 22182

✓ gone  
to  
CS & call  
customers  
12/4/01

October 31, 2001

Tom O'Brien  
SOUTHWEST ASSOCIATES  
1270 E Broadway Road #100  
Tempe, AZ 85282-1516

Dear Tom O'Brien:

**Important News Regarding Your Teligent Services at 1270 E. Broadway Road, #100 Tempe, AZ**

As you may be aware, Teligent filed a voluntary petition for protection under Chapter 11 of the U.S. Bankruptcy Code in order to reorganize its operations and financial structure. As part of this reorganization, Teligent must restructure certain market operations, which unfortunately impacts the availability of facilities and certain services in your market.

We regret that as part of the reorganization, as of December 2, 2001, Teligent will no longer have the facilities necessary and available to provide local service and/or Internet services to you in your building at 1270 E Broadway Road, #100 Tempe, AZ. (Teligent's tariff, A.C.C. No. 1, which governs the provision of our local exchange service, indicates that the provision of such service is subject to the availability of necessary facilities.)

If you subscribe to any Internet service at this (these) location(s), Teligent must also discontinue your Internet service(s) (including Dedicated Internet Access [DIA] and Digital Subscriber Line [DSL] services, TeligentHost, Email). In accordance with Section 4 of the General Terms and Conditions governing your service, Teligent is providing 30 days' notice that your Internet service(s) will be disconnected as of December 2, 2001. We've enclosed a checklist to assist you in your transition process to a new ISP.

We are sending you this important notice to advise you that because facilities will soon no longer be available, we have no other option but to discontinue your local and/or Internet services as of December 2, 2001. Thus, you should take steps to obtain a new service provider immediately. Any orders currently pending for local and/or Internet services also will not be fulfilled. Your Teligent long distance service will not be affected, however, if you choose to keep this service.

Because we appreciate your company's business with Teligent and understand the concerns you may have in transitioning to new provider(s), please be assured Teligent stands ready to assist you once you have selected an alternate provider(s) to make this transition as seamless as possible. Please contact Teligent Customer Services at 1-888-411-1175 if you or your new provider need assistance from Teligent in expediting any part of the process.

If you also have Teligent long distance, we want to reemphasize that these developments will not affect your long distance (LD) service in any way if you choose to keep this service. As a valued customer, you will still continue to receive the same competitive long distance rates that you currently enjoy, as well as have access to Teligent's 24x7x365 Customer Service, and continue to enjoy all the plan features you currently have.

Please follow these simple steps to keep your same great LD rates with Teligent:

1. Contact the local service provider of your choice to obtain local service.
2. When the local provider asks who you would like to carry your LD, ask for Teligent.
3. The local provider then will ask for Teligent's Carrier Identification Code (CIC). Please respond with: 0444.
4. Call Teligent Customer Services at 1-888-411-1175 to confirm your decision to keep Teligent as your long distance provider.

Over, Please

If your Teligent order is still pending and included long distance service, although we will not be able to fulfill any orders for local and/or Internet services, we are pleased to inform you that we will be able to proceed with your LD service, at the same rates you were promised in your original contract. However, in order to proceed with your LD service order, you must contact us as described below.

1. Please call Teligent Customer Services at 1-888-411-1175 to confirm your decision to sign up for Teligent LD service.
2. Contact the local service provider of your choice to obtain local service, or contact your current local provider to advise you are switching long distance carriers.
3. When the local provider asks who you would like to carry your LD, ask for Teligent.
4. The local provider then will ask for Teligent's Carrier Identification (CIC). Please respond with : 0444.

We thank you for your business and regret the inconvenience this change in service may cause you. Please feel free to contact Teligent Customer Services at 1-888-411-1175 if you have any questions about this letter. We are here to serve you, 7 days a week, 24 hours a day.

Sincerely,

Teligent Customer Services

Dec1001

..

**INTERNET SERVICES**

**ADDITIONAL INFORMATION AND STEPS YOU SHOULD TAKE**

- You should immediately pursue another Internet service provider (ISP) to provide your Internet service.
  - Customer premises equipment (CPE). Any CPE purchased by you for use with DIA or DSL remains your property. This includes any router, CSU/DSU, or DSL modem that has been used in conjunction with your service.
  - IP Addresses. You will no longer be able to use the IP addresses assigned by Teligent. Your new ISP will assign you new IP addresses.
  - Domain Name Service (DNS). Rights to any domain name registered to you remains yours. If Teligent has been providing your DNS service, you should transfer that administration to your new ISP.
- ..
- ..

<Contact Name>  
<Company Name>  
<Street Address>  
<City, State, Zip>

Dear < Contact Name>:

Your company recently received a notice advising that, as a result of our Chapter 11 reorganization process, Teligent will no longer have the facilities available to provision local exchange and/or Internet services to your location as of \_\_\_\_\_ (insert specific date used in original disconnect notice).

We are sending you this follow-up notice to remind you that if you have not already made arrangements for a new local service provider and/or a new Internet Service provider, **you should do so immediately to avoid interruption of these services.**

In addition, we want reemphasize that these recent development **will not affect your long distance (LD) service** in any way. That means you will still continue to receive the same competitive long distance rates that you currently enjoy, as well as have access to Teligent's 24x7x365 Customer Service operations.

Please follow these three simple steps to keep your same great LD rates with Teligent:

1. Contact the local service provider of your choice to obtain local service
2. When the local provider asks who you would like to carry your LD, ask for **Teligent.**
3. The local provider then will ask for Teligent's Carrier Identification Code (CIC). Please respond with: 0444.

In addition, we would appreciate it if you would confirm with Customer Services your decision to keep Teligent as your long distance provider. We thank you for choosing Teligent as your preferred provider of LD services. Please don't hesitate to contact Teligent Customer Services at 1-888-411-1175 if you have any questions. We look forward to continuing our business relationship with you.

Sincerely,

Yoav Krill  
Chief Executive Officer

**Draft – Final Postcard Notice**

Large 6 x 9 Postcard

Mailing Panel:

Teligent logo  
8065 Leesburg Pike  
Suite 400  
Vienna, VA 22182

Version 1 (Local Only)

**IMPORTANT: Final Notice about your Teligent  
(insert State variable) Local Service**

Text (on Opposite Side)

**This is your third and final notice that Teligent will no longer have facilities to provision your Teligent local service in your building(s) in \_\_\_\_\_ (insert city(ies) variable, and that your Teligent local service in your building(s) in \_\_\_\_\_ (insert city/cities variables) will be disconnected as of \_\_\_\_\_ (insert date variable).**

If you have not already made arrangements for a new local provider, you should do so immediately to avoid interruption of your service.

**Your Teligent Long Distance service will not be interrupted.** When you make arrangements for your new local service, to keep your Teligent LD, just inform your new provider that you would like to keep Teligent service (specify CIC Code 0444) and you will continue to receive all current LD rates and benefits. Please call Teligent Customer Services at 1-888-411-1175 if you have any questions.

Thank you,  
Teligent Customer Services



Version 2 (Local and Data Services)

**IMPORTANT: Final Notice about your Teligent**  
**\_\_\_\_\_ (insert state variable) Local**  
**and Internet Services**

Text (on Opposite Side)

**This is your third and final notice that Teligent will no longer have facilities to provision your Teligent local service and/or Teligent internet service in your building(s) in \_\_\_\_\_ (insert city(ies) variable), and your local and/or Internet service will be disconnected as of \_\_\_\_\_ (insert specific date according to customer).**

If you have not already made arrangements for a new local provider and a new Internet service provider, you should do so immediately to avoid interruption of your services.

**Your Teligent Long Distance service will not be interrupted.** When you make arrangements for your new local service, to keep your Teligent LD, just inform your new provider that you would like to keep Teligent service, (specify CIC Code 0444) and you will continue to receive all current LD rates and benefits. Please call Teligent Customer Services at 1-888-411-1175 if you have any questions.

Thank you,  
Teligent Customer Services

MEMORANDUM

RECEIVED

2003 FEB 14 A 11: 39

TO: Docket Control  
FROM: Ernest G. Johnson  
Director  
Utilities Division

AZ CORP COMMISSION  
DOCUMENT CONTROL

DATE: February 14, 2003

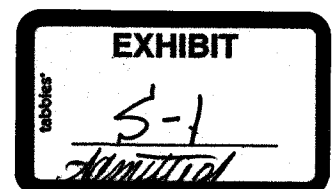
RE: EMERGENCY APPLICATION OF TELIGENT SERVICES, INC. TO  
DISCONTINUE LOCAL EXCHANGE SERVICE (DOCKET NO. T-03761A-01-  
0911)

Attached is the Staff Report for Teligent Services, Inc.'s application for approval to discontinue local exchange service. Staff recommends that the Certificate of Convenience and Necessity of Teligent Services, Inc. to provide local exchange service be rescinded.

EGJ:LAJ:lhbm

Originator: Linda A. Jaress

Attachment: Original and Thirteen Copies



Service List for: Teligent Services, Inc.  
Docket No. T-03761A-01-0911

**ALL SERVICE LISTS SHOULD INCLUDE THE FOLLOWING:**

Mr. Michael Patten  
Roshka Heyman & DeWulf, PLC  
Two Arizona Center  
400 North 5<sup>th</sup> Street, Suite 1000  
Phoenix, Arizona 85004-3906

Ms. Terri B. Natoli  
Vice President, Regulatory Affairs and Public Policy  
Teligent Services, Inc.  
460 Herndon Parkway, Suite 100  
Herndon, Virginia 20170

Mr. Christopher C. Kempley  
Chief, Legal Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Mr. Ernest G. Johnson  
Director, Utilities Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Ms. Lyn Farmer  
Director, Hearing Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

**STAFF REPORT  
UTILITIES DIVISION  
ARIZONA CORPORATION COMMISSION**

**TELIGENT SERVICES, INC.**


**DOCKET NO. T-03761A-01-0911**

**EMERGENCY APPLICATION FOR APPROVAL  
TO DISCONTINUE LOCAL EXCHANGE SERVICE**

**FEBRUARY 2003**

## STAFF ACKNOWLEDGMENT

The Staff Report for Teligent Services, Inc., Docket No. T-03761A-01-0911 was the responsibility of Linda A. Jaress.

A handwritten signature in cursive script that reads "Linda A. Jaress". The signature is fluid and elegant, with the first letters of each word being capitalized and prominent.

Linda A. Jaress  
Executive Consultant III

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On November 16, 2001, Teligent Services, Inc. ("Teligent") filed an emergency application for approval to discontinue the provision of local exchange service. The application also requested a waiver of the requirements of Arizona Administrative Code ("AAC") R14-2-1107 which govern service abandonment.

Teligent received its Certificate of Convenience and Necessity ("CC&N") to provide facilities-based non-switched private line and facilities-based and resale local exchange and facilities-based and resale intrastate toll telecommunications services throughout Arizona in Decision No. 62233, dated January 12, 2000.

On January 11, 2002, Staff filed a Staff Report recommending the Commission approve the application to discontinue local exchange service. Staff also recommended that Teligent's CC&N to provide local service be rescinded.

Staff's recommendation that the local service CC&N be rescinded was based on two primary factors. First, at that time Teligent's financial health was poor and the Company was in bankruptcy. Also, Teligent's discontinuation of service caused approximately 18 local service business customers the stress and inconvenience of changing local service providers in a relatively short time frame.

There has been no proposed order issued in this matter. An Administrative Law Judge issued a Procedural Order on August 1, 2002 that ordered Teligent to update the Commission regarding the Bankruptcy Court proceeding. On January 21, 2003, another Procedural Order was filed requesting that Staff file an amended Staff Report regarding this matter. This Staff Report is being filed in response to that Order.

### **The Outcome of Bankruptcy Proceedings**

Teligent filed the updates requested by the Administrative Law Judge on August 20, 2002, and on September 12, 2002. These updates along with information taken from the telecommunication trade press and Teligent's web site indicate that Teligent has emerged from bankruptcy debt-free and "fully funded". It is now owned by its former secured lenders, including JPMorgan Chase, Bank of America and Toronto Dominion.

According to its web site Teligent is now "...a leading nationwide provider of fixed wireless broadband services offering business customers facilities-based fixed wireless services, including wholesale transport, private line, dedicated Internet access, and long distance." Also, "Teligent's new business model will be focused on its fixed-wireless spectrum, assets and expertise. Leveraging its extensive fixed-wireless experience, Teligent will provide transport services to carriers, point-to-point broadband access services to multi-location business and dedicated Internet connectivity to enterprise companies."

In the September 16, 2002 issue of *Telephony*, Mr. Jim Continenza, Teligent's Chief Executive Officer and President said that prior to bankruptcy, "Teligent was trying to chase and

impress Wall Street". He also stated that since the bankruptcy, "We are about making money. We care about printing cash". The list of Officers on the company's web site shows that of the six officers listed, including the Vice President of Customer Service, all except for the Chief Financial Officer, held their current position at the time the application to discontinue local service in Arizona was filed.

### Analysis

Staff believes that although Teligent's financial health has improved, a concern regarding its fitness to provide continuous local service remains. Teligent was a provider of various telecommunications services yet discontinued only local service during a financial emergency. Local service customers are the most vulnerable to service discontinuations. Changing long distance carriers is a fairly simple, speedy process for a customer. The ease of changing local exchange carriers, 18 Teligent business customers in Arizona discovered, depends on the resources of the alternative carriers and can take more than three weeks. When Teligent was discontinuing local service, only the combined efforts of the Company and Commission Staff kept the local service customers from being entirely without service until Qwest or other competitive local service providers could connect them.

The reliance on Commission Staff to aid in the transition of the local service customers to new local service providers was apparent in the Company's application. According to the application,

"Teligent's ability to assist in the seamless transition of its customers' service to another carrier will be enhanced if the Commission encourages any certificated Arizona carrier who will be picking up Teligent's customers to use their best efforts to expedite the provision of such alternative service to the maximum extent possible....Thus, Teligent will need to rely on the cooperation of the customer's chosen alternative carrier to facilitate turning up the customer's new service on a timely basis. "

In its filing, the reason Teligent cited for the need for a waiver from the Commission rule governing discontinuance of service was that the cost of compliance (publishing legal notice of the application in all the counties affected by the application) was unduly burdensome under the circumstances. Staff believes that holders of local service CC&Ns, even those under extreme financial stress, should have sufficient foresight to plan and implement proper, required, legal notification of their customers.

Furthermore, most of the officers of the Company who approved the discontinuation of service without required notice are still employed in the same positions they held when the decision to discontinue Arizona local service and request the notification waiver was made. Thus, the possibility remains that if Teligent were to experience financial difficulties again, the customers subscribing to other services could receive preferential treatment while the local



service customers must search for a local service provider who could provide them service before Teligent drops them.

**Staff Recommendations**

Although Teligent's financial condition has improved, the previous loss of local exchange service by Teligent's Arizona customers is by itself, enough reason to rescind Teligent's CC&N to provide local service in Arizona. Furthermore, Staff has concerns about Teligent's management's priorities and their impact on the quality and continuity of local service in Arizona. Staff continues to recommend that Teligent's CC&N to provide local service in Arizona be rescinded. For the purposes of this docket, local service should be defined as the services provided under Teligent's Arizona local service tariff.

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 MARC SPITZER, Chairman  
4 JIM IRVIN  
5 WILLIAM A. MUNDELL  
6 JEFF HATCH-MILLER  
7 MIKE GLEASON

7 IN THE MATTER OF THE APPLICATION OF  
8 TELIGENT SERVICES, INC. FOR  
9 CANCELLATION OF ITS CERTIFICATE OF  
CONVENIENCE AND NECESSITY.

DOCKET NO. T-03761A-01-0911

PROCEDURAL ORDER

10 **BY THE COMMISSION:**

11 On November 16, 2001, Teligent Services, Inc. ("Applicant") filed for emergency authority to  
12 discontinue the provision of local exchange service.

13 On January 11, 2002, Staff filed its Staff Report in this matter. Staff recommended approval  
14 of Applicant's request to discontinue local exchange service. Staff also recommended that  
15 Applicant's Certificate of Convenience and Necessity ("Certificate") to provide local exchange  
16 service be rescinded.

17 On February 8, 2002, Applicant filed exceptions to the Staff Report. Specifically, Applicant  
18 requested that Staff reconsider its decision to recommend the cancellation of Applicant's Certificate  
19 to provide local exchange services. Applicant relied upon the pending reemergence plan that was  
20 pending approval by the Bankruptcy Court.

21 On August 1, 2002, the Commission issued a Procedural Order that ordered Applicant to file a  
22 memorandum by August 21, 2002 updating the Commission regarding the Bankruptcy Court  
23 proceedings.

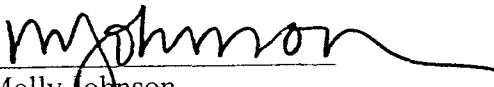
24 On August 20, 2002, Applicant filed a memorandum that stated that the Bankruptcy Court  
25 had set a hearing to formally consider Applicant's plan of reorganization for September 5, 2002.  
26 Applicant stated that it would provide the Commission further updated information about the  
27 September 5, 2002 hearing as soon as possible.

28 On September 12, 2002, Applicant filed an additional memorandum regarding its plan of

1 Christopher Kempley, Chief Counsel  
2 Legal Division  
3 ARIZONA CORPORATION COMMISSION  
4 1200 West Washington Street  
5 Phoenix, AZ 85007

6 Ernest G. Johnson, Director  
7 Utilities Division  
8 ARIZONA CORPORATION COMMISSION  
9 1200 West Washington Street  
10 Phoenix, Arizona 85007

11 By:

12   
13 Molly Johnson  
14 Secretary to Philip J. Dion III  
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